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Daily Report
East Asia

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Japan

Japan: MITI Official Comments on U.S. Sanctions Bill

OW0508232296 Tokyo KYODO in English 2306 GMT 5 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — No Japanese companies will be affected by the Libya-Iran sanctions bill U.S. President Bill Clinton signed into law Monday [5 August], an official of the Ministry of International Trade and Industry (MITI) said late Monday.

The bill will allow the U.S. to take action against foreign companies investing more than $40 million in the Libyan or Iranian oil industry.

The MITI official said a Japanese company early this year planned to invest more than $40 million in Iran for an oil development joint venture.

But the company later dropped the plan because it became aware that the U.S. administration was considering introducing the Libya-Iran sanctions bill, the official said.

The signing of the bill by Clinton was greeted by strong protests from European countries. The European Union (EU) issued a statement saying it will defend its rights and is moving on legislation that would allow EU companies to countersue U.S. companies in EU courts.

The U.S. legislation is aimed primarily at fighting terrorism.

In Washington, Clinton said Monday the U.S. will act unilaterally when it thinks it necessary in the fight against terrorism.

Japan: Senior Official Blames U.S. for 'Dragging Out' Chip Talks

OW0508150196 Tokyo KYODO in English 1432 GMT 5 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 5 KYODO — A senior Japanese trade official Monday blamed the United States for dragging out Japan-U.S. semiconductor negotiations by insisting on including what could be construed as a numerical target in a private-sector agreement.

Japan and the United States held a grueling series of talks last week in Vancouver, Canada, before cutting an agreement Friday two days after the previous 1991 bilateral agreement expired Wednesday. The deal was two-pronged, with the two governments issuing a joint statement that welcomes a private-sector agreement reached between the Japanese and U.S. industry groups. The U.S. was at first calling for government commitments for "preserving and continuing" progress in foreign access to the Japanese market, given the current foreign share of more than 30 percent, far above the 20 percent targeted in the old pact.

In Vancouver, however, the U.S. changed strategies midway through the talks and argued for the private-sector accord espousing further progress, said Yoshihiro Sakamoto, vice minister for international affairs in the Ministry of International Trade and Industry (MITI).

The U.S. called for the progress to be welcomed and examined by the two governments, Sakamoto said. Faced with Japan's staunch opposition to the idea, the U.S. withdrew it, an action which moved the negotiations forward at a stroke, he added.

Although the joint statement provides a bilateral consultative mechanism to discuss market trends and other issues of industry concern, Sakamoto said it involves no element of managed trade.

"The governments will no longer control the market. There exists no argument about a decline in market share," Sakamoto said.

Washington insisted on a bilateral framework "because it wanted to maintain an exclusive and favorable system that the (old) accord granted to the U.S. industry (for its Japan business)," he said.

Meanwhile, MITI Minister Shumpei Tsukahara unofficially decided Monday to let Sakamoto retire from the office and replace him with Hisashi Hosokawa, director general of MITI's International Trade Policy Bureau, the ministry said.

The reshuffle, which is to win cabinet approval Wednesday, was originally scheduled for June, when bureaucrats undergo regular personnel changes, but Sakamoto stayed on in his post because he was in charge of the semiconductor negotiations.

Japan: Kajiyama Comments on Hashimoto's Letter to Clinton on Trade

OW0608035196 Tokyo KYODO in English 0346 GMT 6 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — Prime Minister Ryutaro Hashimoto has sent a letter to U.S. President Bill Clinton, asking him to make a "political" decision to find a solution in a bilateral insurance trade dispute, a government spokesman said Tuesday.

In the letter dated Monday [5 August], Hashimoto expressed hope the insurance row will be solved in a manner similar to the recent resolution of a bilateral microchip dispute through a further Clinton political decision, Chief Cabinet Secretary Seiroku Kajiyama told a press conference.

Japan has made its utmost concessions over the "third sector" in the insurance dispute and hoped the U.S. would follow suit, Kajiyama said, quoting the gist of the letter.

Hashimoto also welcomed the solution of the semiconductor row and said it is his desire to see the new bilateral accord help global cooperation in the chip industry, he said.

Japan and the U.S. discussed the insurance issue beyond the July 31 deadline, but ended three days of talks Thursday without reaching a deal in the dispute.

The two countries have been at loggerheads over the Japanese plan to let life and nonlife insurers in the domestic market onto each other's turf and also into the third-sector area under a new insurance law that came into effect April 1.

The third sector covers sickness, accident and nursing insurance products.

As for microchips, the two countries reached an agreement last Friday in Vancouver, Canada, with the U.S. withdrawing its demand on governmental monitoring of market access in Japan.

Japan: Chip Industry Group Comments on New Japan-U.S Accord

OW0608082896 (Internet) Electronic Industries Association of Japan WWW in English 2 Aug 96

[FBIS Transcribed Text] Japanese and U.S. Semiconductor Industries Reach Agreement on International Cooperation [subhead]

VANCOUVER, B.C., August 2, 1996 - The Electronic Industries Association of Japan (EIAJ) and the U.S. Semiconductor Industry Association (SIA) announced today that they have decided to enter into an agreement on international cooperation regarding semiconductors.

The industry agreement was concluded after five days of talks between the two organizations in Vancouver, B.C.

"The discussions were long and difficult. But both sides made serious efforts, and we are very pleased with the results," said Dr. Tsugio Makimoto, chairman of EIAJ's Electronic Devices Steering Committee, who led the EIAJ delegation.

"The agreement is consistent with our position that future cooperation should continue on an international industry-to-industry basis," Dr. Makimoto added.

Among other things, the agreement establishes the World Semiconductor Council (WSC), designed to promote cooperation among international semiconductor suppliers as well as between suppliers and users.

The WSC's activities address a number of other specific areas including standardization, environment, worker health and safety, intellectual property rights, trade and investment liberalization and market development.

"During the past ten years, the Japanese and the U.S. have made great strides in improving confidence and trust between Japanese companies that use semiconductors and U.S. companies that make semiconductors," Dr. Makimoto said.

"The WSC will not only enhance the good relationship between the two industries but will also expand it to other parts of international industry," he added.

Japan: Article Notes Gap in Understanding of New Chip Accord

OW0608081196 Tokyo MAINICHI SHIMBUN in Japanese 4 Aug 96 Morning Edition p 9

[By Yutaka Kinoshita]

[FBIS Translated Text] The Japan-U.S. semiconductor talks reached agreement on 2 August. The Ministry of International Trade and Industry [MITI] proudly said, "Every demand of Japan was fulfilled in the agreement." However, discrepancies appeared between Japan and the United States on 3 August over interpretation of the definition of the market share survey to be conducted by the private sector. Japan and the United States did not negotiate much on conflicting points because both had to give priority to "reaching an agreement," due to domestic concerns. The new chip accord may cause another trade dispute.

Regarding the focal point of a government market share survey, its abolition was not clearly noted in the joint statement. However, in MITI's view the survey regulation was virtually scrapped because the new agreement does not contain a single word about it. As an alternative to the government survey, the joint statement says that "the two governments welcome private industry to gather data on the semiconductor market and provide reports on trade flow and market trends." As a tangible step, the market share survey will be conducted by the "World Semiconductor Forum," which will be organized as a multinational industrial conference. The two governments will "examine data provided by the private sector and discuss major market trends" at least once a year.

However, Japan and the United States are beginning to have different ideas about the content and value of the "data" mentioned in the statement. Under the previous chip accord, government market share surveys were classified according to the nation providing capital, and the United States monitored the figure as an indication of the market share of foreign-made projects. Japan has been always under pressure from the market share survey, because failure to achieve the 20-percent target was very likely to incur U.S. sanctions under Section 301 of the Trade Act.

So Japan has been rejecting extension of surveys using the capital nationality formula. Regarding the definition of the "data," a senior MITI official said, "It means general import and export statistics, which have nothing to do with the capital nationality survey."

Following the announcement of the agreement, however, Acting U.S. Trade Representative (USTR) Charlene Barshevsky told reporters, "The new agreement has no clause concerning surveys based on capital nationality, but we can still calculate it from data gathered by the private sector." She stressed that the new accord is consistent with the previous one. U.S. President Bill Clinton also announced that U.S. demands were incorporated into the new chip accord, saying: "To ensure U.S. companies' entry into the Japanese market, the U.S. Government brought up the need for a transparent market and a monitoring system."

MITI says it will not respond to any U.S. statistics based on the old formula, but the United States apparently takes a different position. The gap between Japan's position and the Clinton administration's "own interpretation" may become broader, depending on pressures from the Congress as President Clinton fights for reelection.

Japan: 'Capital Affiliation' Rejected in Chip Market Share Surveys

OW0508141296 Tokyo KYODO in English 1244 GMT 5 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 5 KYODO — A Japanese semiconductor industry leader said Monday that market share surveys based on "capital affiliation" will not continue under a new cooperative framework replacing the previous Japan-U.S. microchip agreement that expired Wednesday.

"Neither governments nor industries will collect additional data for calculating market share," said Norio Ohga, chairman of the Electronic Industries Association of Japan (EIAJ), at a joint news conference with the counterpart of the U.S. Semiconductor Industry Association (SIA).

Government and industry negotiators of the two countries struck a set of new bilateral deals for semiconductor cooperation Friday after marathon talks in Vancouver, Canada.

The new private-sector microchip accord calls for using industry surveys such as world semiconductor trade statistics, import-export statistics and other available data on market size, market growth and foreign market shares to analyze trade flows in major markets.

U.S. officials, however, said the data will include market share figures in which the nationality of microchips will be determined by capital affiliation, an idea unacceptable to the Japanese camp.

The old 1991 accord ensured a foreign market share of 20 percent through capital affiliation-based market share surveys conducted by Tokyo and Washington every quarter. The Japanese side adamantly refused to continue such surveys after the expiry of the pact.

"Market analysis (under the new framework) is not for monitoring the situation of a given market," Ohga, who is also chairman of Sony Corp., said. "The objective is to firmly grasp dynamics of the industry."

SIA Chairman Pat Weber, who is vice chairman of Texas Instruments Inc., also said data analyses under the new accord "will be primarily focused on trends of the industry both in supply and demand" in the U.S. and Japan as well as rapidly growing market elsewhere in the world, especially in Asia.

The new accord proposes creating an international semiconductor council to enhance mutual understanding among microchip industry groups and promote international cooperation.

Member industry groups of the council will report market data to their governments, which will offer a consultative mechanism to review the data and address issues of industry concern once a year.

Weber said the new council will likely hold a preparatory session within a few months and convene the first formal session by the January-March quarter of next year.

At the press conference, the two industry groups hailed the new semiconductor agreement as marking a new era of their cooperation.

"I am greatly delighted that (the Japanese and U.S. industries) will work to establish a partnership befitting a new era through a new agreement which does not include numerical targets and other elements of managed trade," Ohga said.

Weber also termed the accord as "big success," defying criticism that the U.S. side conceded too much to the Japanese. "We have a win-win relationship now," he said.

Ohga and Weber even followed a Japanese tradition of painting the blank eye of a "daruma" doll to celebrate their accomplishment, an idea proposed by Weber. Japanese paint one eye of the doll when they make a wish and the other when the wish is fulfilled.

Japan MOFA Official Comments on Japan-U.S. Security

OW0508121896 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Jul 96 Morning Edition p 29

[Article by Hitoshi Tanaka, councilor of the Foreign Ministry's North American Affairs Bureau: "It Is Time To Start Discussing 'Specifics' in the Japan-U.S. Security System"; first three paragraphs are the newspaper's summary meant as an introduction]

[FBIS Translated Text] (1) In order for the Japan-U.S. security system to be able to play an essential role in assuring security in Asia and the Pacific, it must have far-reaching support of the people of the two nations. And to make that possible, governments of the two countries must correctly assess the security environment of Asia and the Pacific, and present a direction for promoting the Japan-U.S. cooperation.

(2) The reason the two nations are willing to shoulder so many burdens to maintain the security system is that there is a common goal which is more important than the burdens and which they want to defend. But the people generally are more inclined to be concerned about the burdens than to appreciate the peace that they bring.

(3) A relationship of trust based on fair sharing of roles is crucial in enabling the Japan-U.S. security system to function. It is important that Japan solidify its cooperative relationship with the United States by revising the guidelines on defense cooperation and taking other actions, while not arousing alarm in the neighboring countries.

Stability in Asia Benefits Japan

The Japan-U.S. joint security statement announced by U.S. President Bill Clinton and Japanese Prime Minister Ryutaro Hashimoto in April is regarded as a very important declaration which defines the Japan-U.S. alliance relationship. I participated personally in the work of drafting the declaration, and was in charge, at the working level, of preparing the interim report of the Special Action Committee which was the consultative body of the Japanese and U.S. Governments to discuss and resolve the base issues of Okinawa. I was a cochairman of a working group of the committee.

I would like to express here frankly what I felt and thought while participating in the work.

The officials in charge of security of the two governments clearly agree the Japan-U.S. security system has played and should continue to play a crucial role in assuring security for Asia and the Pacific. But the security system cannot function without the extensive support of the people of both nations. Meanwhile, if the Japanese Government wants the people to have a better understanding of the present meaning of the Japan-U.S. security system, it must first make a correct assessment of the security condition of Asia and the Pacific, and then explain to the people the role that the Japan-U.S. security system will play.

The government needs also to prepare an answer to the question of how and in what areas Japan should cooperate with the United States, if it wants the security system to function soundly.

The security framework of the Cold War was primarily based on the idea that the balancing of military powers of the East and West camps including the nuclear war potential would preclude an aggression that could lead to a large-scale war. There was always the possibility of a global war breaking out, and the NATO and the Japan-U.S. security system were the nucleus of the West camp's defense structure.

But then the Soviet Union collapsed. With democratization having started in Russia and the East European countries, the people thought the possibility of a global-scale war decreased greatly. Some people thought the time arrived for the countries to share "peace dividends." The people were caught by an illusion that it was the time when the UN-centered collective security system should come into function.

What changed such an atmosphere of thinking was several events that took place in the 1990's. They were Iraq's invasion of Kuwait, the outbreak of a civil war in former Yugoslavia, and the issue of the DPRK (North Korea) developing nuclear arms. While all of them originated for different reasons, they all had a common point: They posed a serious threat to the security of the post-Cold War world. During the Cold War days, the deterrence between the East and West camps functioned to contain regional conflicts. But such a deterrence no longer exists.

In Asia and the Pacific, there are now many elements of instability and uncertainty. Among them are tensions on the Korean Peninsula, huge stockpiles of weapons of mass destruction, and territorial disputes.

Japan, which neither possesses nor intends to possess nuclear weapons, chose the security treaty with the United States as a way of assuring safety for itself. The United States, which thinks the stability of Asia and the Pacific has direct relevance to the security of that country, thinks the security treaty is a most rational choice for itself.

No doubt, the fact that the two countries which fought each other once are now allies is giving a sense of security to the countries in Asia. Apparently, there is a good rationale, which goes far beyond strategic interests, for having the Japan-U.S. alliance relationship.

Meaning of Alliance Which Surpasses the Burdens

Under the Japan-U.S. security system, the United States assumes the role of protecting the peace and security of Japan and its perimeter by assigning a large number of officers and men to Japan with the necessary equipment, while Japan provides base sites plus large financial assistance to the U.S. forces.

Maintaining the system incurs large financial costs on both Japan and the United States. The reason the two countries are willing to shoulder such costs is because they are convinced that democracy is worth defending despite such costs and that the two countries are tied by the common cause of defending democracy.

The basis of the security system is to prevent any threats from arising by maintaining constant vigilance against them. The Japan-U.S. security system is a framework for maintaining peace, but the people, who live in peace, rarely realize the value of the peace. They actually tend to be concerned more about financial burdens.

In the United States, each year more than 200 soldiers are said to lose their lives in accidents while in military training. The reason the problem does not lead to a debate on suspending training is because the people are convinced that the best way in preventing greater losses is to train the soldiers more and to raise their capabilities for instant actions. But, of course, under the democratic system, full studies should be made on whether the burden sharing to maintain the security system is fair or not.

Though maintaining the military bases is in the interest of both nations, if Japan arrives at a conclusion that it cannot share the burdens to maintain them, then the Japan-U.S. security system will collapse for certain. On the other hand, both countries need to look squarely at the fact that 75 percent of the U.S. military bases in Japan are located on Okinawa, regardless of whether it is due to the convenient geographical location of Okinawa or due to advantages from the perspective of U.S. forces operations.

Discussions and work at the Special Action Committee were centered on the issue of how the bases on Okinawa can be reduced to take in the demands of Okinawa Prefecture while not impacting too seriously on the U.S. forces' capabilities for prompt actions.

Some people assert that the committee-presented solution on the problem is not really a solution. But the reality is that if bases in heavily populated areas are to be abandoned, there is no other way but to remove their functions to existing bases. The plan on the interim report (proposing to reduce bases by 20 percent) is based on that realization. Should it become impossible to carry out even that plan, it will mean that there is really nothing we can do about reducing the bases. Of course, if the international situation changes and keeps on improving dramatically, that will be a different story.

What was presented in the interim report was a basic direction. Now we will have to draw up a specific plan — following close coordination work with the people of areas concerned — before the target date in November.

The U.S. Marine Corps Air Station [MCAS] Futenma is a base which is comparable to Makuhari in Chiba or Tokyo's seaside downtown in terms of area. If the functions of MCAS Futenma are to be moved out, some existing U.S. military bases on Okinawa will have to build helipads to accommodate them, but that cannot be done without the cooperation of the local people. And if these functions cannot be transferred to other bases, there is no way to revert MCAS Futenma to Okinawa.

Realignment, consolidation, and reduction of military bases are easy to talk about but hard to implement. There are so many things to do, and they include obtaining the understanding of the people of the communities to where their functions will be transferred, formulating plans on the use of the sites which will be evacuated, and sharing financial burdens. All these things can be worked out only when the central government and the concerned local governments are willing to cooperate with each other.

Defense Cooperation Plan Should Be Drawn up in Time of Peace

What Japan must do seriously, thinking ahead to the next 10 years of the Japan-U.S. security system, is strengthen its security cooperation with the United States. In order for the Japan-U.S. security system to function effectively, there must be a relationship of trust built between the two countries, based on the principle of sharing their roles in a fair manner. The Japan-U.S. joint security declaration announced by President Clinton and Prime Minister Hashimoto presents several important concepts on the Japan-U.S. security cooperation.

According to these concepts, first, the two countries should watch and update their evaluation of the security conditions of the region, and conduct close consultations on military preparedness including the strength makeup of the U.S. forces in Japan — constantly. Second, Japan and the United States should cooperate closely with each other to help improve the security condition of Asia and the Pacific. The cooperation should include exchange of information. Third, the two countries should revise their "guidelines for Japan-U.S. defense cooperation" adopted in 1978 and strengthen their defense cooperation posture.

But Japan's actions of strengthening the military cooperation must be neither those which would violate the Constitution of Japan or such other basic legal systems as the Japan-U.S. security treaty, nor those which would unnecessarily evoke alarm among the countries in the perimeter. The basic rationale of Japan's security policy is in making efforts to improve the security condition, while fully preparing itself against possible crises.

As regards revising the guidelines on defense cooperation, Japan and the United States have agreed to hold discussions in three areas: "cooperation to be provided at normal times," "actions to deal with armed attacks on Japan," and "cooperation to be provided in situations which arise from contingency conditions in the perimeter of Japan, impacting greatly on the peace and security of Japan." It is very important that the two countries discuss and adjust their views on the following two points: What Japan itself can do to assure its own security in case of an emergency situation in the perimeter of Japan and what it can do to assist the United States under the Japan-U.S. security system.

Japan permitted the U.S. forces to use military bases in Japan through Article 6 of the Japan-U.S. security treaty which declares the bases are "for the purpose of contributing to the security of Japan and the maintenance of international peace and security in the Far East." Japan provided a large amount of money in the Gulf war. There should be security roles for Japan to perform which would not go against the constitutional interpretation that asserts the Constitution bans the country from exercising the right of collective self-defense. Among the actions to be carefully studied as possible for Japan to take are the rescue of Japanese people [in areas of contingencies], actions to deal with refugees, guarding facilities, and logistic support to the U.S. forces including providing water and fuel supplies. We cannot wait until after a crisis situation has started — to start studying these actions.

Japan: Article on Relocation of Live-Fire Exercises

OW0508121696 Tokyo ASAHI SHIMBUN in Japanese 1 Aug 96 Morning Edition p 3

[Unattributed article: "Okinawan People Express Mixed Feelings About the Transfer of 'Pain' — U.S. Live-Fire Drills Will Be Relocated to Five Sites in Mainland Japan"]

[FBIS Translated Text] A live-fire artillery bombardment exercise is carried out at U.S. Forces Camp Hansen, where live shells fly through the air aimed at the reddish brown hillsides above Okinawa Prefectural Highway 104. The U.S. and Japanese Governments are set to come to an agreement to relocate this exercise to five sites in mainland Japan. The Japanese Government wants to make progress on the consolidation and reduction issue for U.S. bases on Okinawa by solving this relocation issue. But there is the possibility that opposition movements, which already exist, could flare up in the municipalities which will be asked to accept that function. Okinawans have mixed feeling about transferring the "pain" to others. A "hot summer" for the U.S.-Japan Security Treaty is coming into a full swing.

The Prime Minister's Official Residence Is Perplexed as "No Agreement Is Reached With Local People Yet"

"What about the issue of live-fire exercises over Prefectural Highway 104?," (asked a reporters' group).

"We did not talk about such concrete subjects. We were only exchanging general information," (replied Masuo Morotomi, director general of the Defense Facilities Administration Agency [DFAA]).

On the afternoon of 31 July, Director General Morotomi, who visited Prime Minister Ryutaro Hashimoto at his official residence and talked privately with him for nearly 30 minutes, fended off questions from a group of reporters.

For the Japanese Government, progress on the issue of U.S. bases on Okinawa, such as the decision on where to relocate the functions of U.S. Marine Corps Air Station Futenma is an important subject for this coming autumn. The relocation to the mainland of live-fire exercises over the prefectural highway is a first step toward gaining Okinawan cooperation.

Because this is so important, the government would like to avoid having the relocation to the mainland run into trouble because of opposition from the municipalities where the relocation is planned to take place. The people at the Prime Minister's Official Residence who have been directing a cautious response, are perplexed by the official announcement of the destinations of the relocation, saying that "we have not reached agreement with the local people. When the announcement is made in such a way, it could irritate the local people and produce an adverse result," (as stated by the prime minister's close aide).

The DFAA intended to obtain the consent of the municipalities concerned on 1 August and then to make an announcement. But it seems that word of the planned "movement leaked, leaving us with no choice, and so reluctantly" the agency made the announcement.

For the government parties, Liberal Democratic Party Secretary General Koichi Kato said: "It was an excellent first step. I expect that the Okinawan people will appreciate the government effort." As for the reaction of the relocation destinations, he said, "I assumed there would be some opposition, but everyone has to share (the burden). I support the government."

Kansei Nakano of the opposition party, the New Frontier Party, who is in charge of foreign policy for the "shadow cabinet," pointed out that "when it is done in this way, they are applying pressure to the local people. The government should obtain the cooperation of the local people first, prior to a U.S.-Japan agreement." The Chief of the Secretariat of the Japan Communist Party, Kazuo Shii, expressed his opposition, declaring that "it is an outrageously rash act."

Candidate Relocation Sites Are Nervous, Saying "Never Heard of It"

During the evening of 31 July, the Yamanashi Prefecture Governor, Ken Amano, was holding a news conference concerning the visit of the Crown Prince and Princess who would be attending the opening ceremony of the All-Japan High School Athletic Meet to be held on 1 August. When he was suddenly questioned about the proposed site decision, he said only that "I have not heard about it," and added that "If it has been 'decided,' it is most regrettable," "my position of opposition has not changed."

Combining the "north" (Yamanashi Prefecture side) and the "east" (Shizuoka Prefecture side), the Fuji Maneuver Area became a proposed relocation site in early April. At that time, in Yamanashi Prefecture, Governor Amano, local officials, and political parties — including the LDP — expressed their opposition to the relocation one after another.

As for Shizuoka Prefecture, the Facilities Department director of the Defense Facilities Bureau in Yokohama had telephoned. He was to meet with Social Culture Department Director Hiroshi Monma who was in charge of this matter at the prefectural office on 1 August. But 30 minutes after the phone call came the information that "it will be made public this evening." Director Monma got angry, saying that "we requested the national government to provide information to the local government in advance... but they did not do it. It will not do any good if the director from the Facilities Bureau comes to see me." He said that "in any case, a formal request for cooperation will have to come from the government, but there must be a big assumption that a local consensus is possible."

Governor Shiro Asano of Miyagi Prefecture, the location of the Ojojihara Maneuvers Area, held a news conference that night and stated that "it is regrettable, but there had been some reports, so I am not totally surprised. But I am very unhappy that such an important decision was imposed on our locality in such a manner. The government is slighting the provinces."

In Hokkaido, 101 municipalities, towns, and villages have passed resolutions in their local assemblies to oppose relocation. Mayor Rikizo Sano of Betsuumi-cho, Nemuro Branch, which contains more than half of the Yausubetsu Maneuver Area, made a discouraged utterance, "it is just what we were afraid of."

Vice Mayor Junichi Obata of Kuju-cho, Oita Prefecture, where the Hijudai Maneuver Area is located, spoke in a sharp tone, "I understand the importance of national defense, but I wish that the government also understood the actual local situation. We cannot simply concede by saying 'O.K., we understand.'" Governor Morihiko Hiramatsu of Oita Prefecture was in Tokyo delivering a budget petition. He made a hurried statement, saying that "there was no advance contact with the three local municipalities involved, let alone with the prefecture. I am making inquiries about the circumstances and the background."

Okinawan People Hoped for the "Abolishment of Live-Fire Exercises Rather Than Relocation"

The news of the relocation to the mainland of the live-fire artillery exercises by the U.S. Marine Corps stationed in Okinawa was delivered to Okinawa Prefecture through various news media in the evening of 31 July. Governor Masahide Ota is on an official goodwill trip in South Korea, scheduled to last until 2 August. Governor's Office Chief Masaaki Aguni cautiously answered inquiries by saying that "because it is a difficult issue, I would like to refrain from making any comment."

Another senior prefectural official said that "the prefecture's basic position is to seek the abolishment of the exercises or their relocation to the United States. Relocation to other prefectures is to transfer the same suffering to others, so we are reluctant. The governor is in a complicated position and will not be able to evaluate this decision easily."

Mayor Shoko Yoshida of Kin-cho, where the current live-fire artillery exercises over Prefectural Highway 104 take place, offered the evaluation that "I want to thank the government for its efforts, but there are some destinations where the local people strongly oppose strongly relocation, so I have mixed feelings. As for the decision of whether or not to accept relocation, I want to leave that to the judgment of each local government and its residents."

Also Minoru Yafuso, the chief of Igei Ward of Kin-cho, which is near the area where shells land during artillery firing exercises, pointed out that "it is wrong to relocate the firing to the mainland. It should be abolished. If it is relocated, the circle of opposition will become bigger at the destination of the relocation."

Hideo Asato, the deputy director for the Administration Bureau of the Anti-War Landowners Association, said that "since the Cold War has collapsed, the Americans should take the 155 mm howitzers, which they use in the exercises, back to the United States. We can not consent to the division of Okinawa's pain among five places." Further he pointed out that "Okinawa has been continuously deceived since the year of reversion. No understanding has been achieved with the five relocation destinations, and relocation can never be achieved next April." Then he said that "I wonder if there is also a motive in the relocation announcement of dampening down the results of the prefectural referendum on Okinawan attitudes toward the bases to be held in September."

Japan: Article Says Hashimoto Faces Difficulty With Base Issue

OW0608075496 (Internet) Shima Media Network WWW in English 5 Aug 96

[Article by Takano Hajime, editor-in-chief of INSIDER: "Prime Minister Hashimoto Faces Difficulties With the Okinawa U.S. Base Issue"; from on-line weekly TOKYO KALEIDOSCOOP No. 96]

[FBIS Transcribed Text] On Monday Prime Minister Hashimoto ordered Okinawa Gov. Ota Masahide to start procedures for expropriation of land for a U.S. military base on which the lease contract will expire next May. But the Governor is expected to refuse this order; thus the Prime Minister will have to file suit to force Ota to comply with the order near the end of August.

In the case of the "elephant's cage," the U.S. military communications facility on which the lease ended in March this year, one of the landowners refused to renew the contract and the prefectural governor refused to take forcible measures on the central government's behalf. Thus Murayama Tomiichi, then Prime Minister, sued the governor; and at present the trial is under way in the Supreme Court. A decision will be reached on August 28. It is almost certain that the central government will win this case. It is unknown at present, however, whether the governor will take the required legal steps in accordance with the judgment or will again refuse the order. Until it is settled, the site of the elephant's cage is being "unlawfully used" by the central government.

While one person's rebellion shows the seriousness of this matter, 11 U.S. military facilities for which the contracts expire in May next year have 3,001 landowners. Among them there are so-called anti-war landowners, who resist the U.S. military by purchasing just one tsubo (3.3 sq. meters) of land through the development of antibase opposition headed by the Social Democratic Party, which was at that time the opposition party. Therefore, the Liberal Democratic Party expects that Gov. Ota will comply with the judgment of the Supreme Court at the end of August and stop resisting renewal of the lease, which will expire next year. At the same time, the LDP will review the possibility of taking forcible measures by approving special legislation during the fall Diet session, aimed at direct expropriation of the land related to national security, if Ota does not accept the judgment. However, within the coalition government, SDP opposes the use of force and the New Party Sakigake does not seem to be enthusiastic. Therefore, if the LDP is forced to do so, there is a possibility that the coalition will be dissolved. Even if it is not, Hashimoto is trying to announce the concept of decentralization of power, including moving the capital functions and reorganizing central government offices, as one of the selling points of the next election. Taking a forceful attitude on this issue will have a great negative impact.

On the other hand, the Okinawa Prefectural Assembly passed a resolution to hold a referendum asking the residents to vote yes or no on reducing U.S. military bases and revising the Japan-U.S. Status of Forces Agreement. The preparation for this referendum has progressed so that it will be carried out on September 8. This prefectural referendum is the first to be conducted based on regulations at the municipal level. Along with the referendum that obtained the result of "No to the nuclear plant" conducted by Maki, Niigata, these are epoch-making events to show that the era has finally arrived where there is a mechanism for citizens to use the referendum method for decision-making. The result of this referendum will naturally be an overwhelming "No to the bases!" In a situation where residents show this kind of attitude, it is expected that Gov. Ota cannot easily compromise with the central government.

Further, Hashimoto must get results on the issue of transferring a part of the functions of the U.S. Marines Corps' Futenma Air Station to a different site in Okinawa or to bases on the mainland of Japan, which was determined at the summit between Japan and the U.S. in April this year before the meeting with President Clinton in the U.S. at the end of September. The partial relocation is opposed by the people of the candidate sites, so it is not easy to find a good solution for both the residents and the U.S. military.

The U.S. military base issue in Okinawa is an explosion of the Japanese Government's neglect of the fact that three-fourths of the U.S. military bases in Japan are concentrated in Okinawa although it is long past 1972, when the administration of Okinawa was returned to Japan. This issue will develop into a factor that will greatly influence the destiny of the Hashimoto administration.

Japan: Sasebo Assembly Adopts Statement on Slashing by U.S. Sailor

OW0608111196 Tokyo KYODO in English 0950 GMT 6 Aug 96

[FBIS Transcribed Text] Nagasaki, Aug. 6 KYODO — The Sasebo City Assembly in southwestern Japan on Tuesday urged the U.S. military to enforce discipline in the wake of the July slashing and robbery of a Japanese woman allegedly by a U.S. sailor.

In a statement unanimously adopted at an extraordinary session of the assembly, it said the crime was "extremely brutal and greatly shocked the entire nation."

The statement regretted the occurrence of the incident, particularly as strict enforcement of military regulations was requested last year after another incident involving attempted murder.

It called on U.S. military officials to ensure that the victim of the latest incident receives an apology and compensation.

Seaman Michael Swanson, a crew member of the U.S. guided missile frigate McClusky, was arrested July 20 on suspicion of attempted murder and robbery of the Japanese woman.

In the attack in the early hours of July 16 outside the Sasebo Naval Base, about 1,000 kilometers southwest of Tokyo, in Nagasaki Prefecture, the woman's throat was slashed and her purse stolen.

Sasebo city officials said the number of crimes by U.S. military personnel within Nagasaki Prefecture has decreased from 30 offenses in 1991 — the highest number over the past decade — but that a feature of the current crimes is their viciousness, including robbery and attempted murder.

The assembly plans to send the statement to the government.

Japan: Government Planning To Review PKO Law

OW0508141596 Tokyo TOKYO SHIMBUN in Japanese 4 Aug 96 Morning Edition p 2

[FBIS Translated Text] As of 3 August, the government has firmed up a plan to amend the law on UN Peacekeeping Operations [PKO]. Under the planned amendment, it would be possible for the Self- Defense Force's [SDF] peacekeepers 1) to carry out cooperation such as refugee relief activities even without a cease-fire agreement between the parties concerned and 2) to use arms in the case of an emergency under the direction of the commanders — currently the use of arms is left solely to the judgment of each individual peacekeeper. The International Peace Cooperation Headquarters [IPCH] under the Prime Minister's Office will submit the plan to Chief Cabinet Secretary Seiroku Kajiyama as early as by the end of August. However, the government intends not to submit a bill on the revision of the law to the extraordinary Diet sessions in autumn.

Since it is specified in the current PKO law that the law will be reviewed three years after its enforcement (in August 1992), the IPCH started reviewing the law last summer.

As conditions for Japan's participation in the PKO, the law stipulates five principles, including the necessity of a cease-fire agreement between the parties concerned and consent of the nation where the PKO is conducted. These principles are also applied to Japan's dispatch of its PKO members and cooperation in supplying commodities. Because of the five principles, when Japan tried to relieve refugees from Rwanda in 1994, it's relief goods sent to Zaire, neighbor of Rwanda, were not used because a cease-fire agreement had not been reached. With such an experience in mind, views have been expressed within the government that "we need to correct the law which does not allow us to send relief goods to a place where our PKO members cannot be dispatched." Meanwhile, as for each PKO member's use of arms, it has been pointed out that the clause stating that use of arms can be allowed only by each PKO member's own judgment "has made each SDF member's spiritual burden heavier." Yet, since the revision of this clause may run counter to the Article 9 of the Constitution, which prohibits use of arms overseas, the IPCH is putting finishing touches on the revision plan in coordination with the Legislative Bureau and the Defense Agency [DA].

Japan: First GSDF Peacekeepers Return From Golan Heights

OW0508140896 Tokyo KYODO in English 1226 GMT 5 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 5 KYODO — Twenty-two members of a Ground Self-Defense Force (GDSF) contingent that has served six months as part of a U.N. peacekeeping mission in the Israeli-held Golan Heights returned to Japan on Monday, the first members of the contingent to do so.

The remaining 21 members of the contingent, dispatched in February, will return home Aug. 26. It has been serving with the U.N. Disengagement Observer Force (UNDOF) based at Faouar, Syria.

The first members of a GSDF contingent that will replace it left for the Golan Heights last Friday. The remaining members are scheduled to leave Tokyo on Aug. 16 and 23.

The contingent has been engaged in transport duties it took over from a Canadian unit, including road maintenance and transportation of food and other daily necessities for UNDOF.

It took part in military exercises for the first time with a U.N. peacekeeping mission, when the contingent was equipped with two machine guns.

Japan: Nagai Cancels Auschwitz Exhibit at German City's Request

OW0408043796 Tokyo ASAHI SHIMBUN in Japanese 3 Aug 96 Morning Edition p 26

[FBIS Translated Text] It was learned on 2 August that Nagai city, Yamagata Prefecture, has canceled plans to hold an Auschwitz exhibition this summer at the objection of its German sister city, Bad Sackingen, which complained that the exhibition "is not appropriate for a venue for cultural exchanges." Nagai officials said: "We canceled it because we felt that to continue the exchange programs, we should avoid doing things that would cause problems."

Nagai is holding a "Japanese-German exchange summer school" from 29 July till 19 August to deepen ties with Bad Sackingen. Along with lectures by Bad Sackingen citizens, Nagai officials had planned to hold, during the ongoing summer school, an "Auschwitz exhibition to be engraved in the heart," displaying materials related to the Nazi massacre of Jews during World War II borrowed from a Japanese organization.

According to Nagai City Planning Division officials, the city received a fax in May from a Bad Sackingen civic group pointing out, among other things, that "it would be inappropriate to take up at a venue for cultural exchanges historical matters that would bring back bitter memories to elderly German people who experienced what happened then." The city subsequently decided to cancel the Auschwitz exhibition.

Nagai and Bad Sackingen have been sister cities since 1984. Nagai officials explained: "Negative views had been expressed (even by some Nagai officials), pointing out that the exhibition would not be suitable for the exchange program. Moreover, the Germans expressed regret at our plans. That is why we decided to cancel the exhibition. Instead, we decided to ask a German teacher at an occupational school to give a lecture on 16 August on Nazi Germany's wrongdoings."

Japan: MOT Plans To Map Out New Aviation Network Concept

OW0608002196 Tokyo SANKEI SHIMBUN in Japanese 4 Aug 96 Morning Edition p 1

[FBIS Translated Excerpt] The Ministry of Transportation [MOT] will map out "Asia-Pacific Network Concept" (tentative name), designed to link Asian countries by next-generation air control system that uses satellites. This is an attempt to deal with future air traffic over the Pacific Ocean, which is expected to grow rapidly. An American research organ will be entrusted with the task of conducting research, including location of monitoring stations for communications with satellites. On the basis of the outcome of research, the MOT plans to map out the concept by the end of this year. The MOT wants to build a global air control system by linking the next-generation system with systems of the United States and Europe in the future.

Miter Co. [transliterated name] (with headquarters in Virginia) which will be entrusted with the task of conducting the investigation. The MOT plans to launch stationary "multifunctional transport satellites (MTSAT)" in 1999 and 2004. Actual locations for the construction of the monitoring stations capable of communicating with the satellites will be selected on the basis of this company's investigation results. The ministry will hold a forum in Tokyo this fall with aviation authorities of

Asian countries. An overall view of this concept will be introduced at the forum.

A decision has already been made to construct ground facilities, which will link the MTSAT and aviation traffic control centers, in Hyogo and Ibaraki Prefectures. Monitoring stations in Asian countries will have only receivers. The same ministry says that "it will not be expensive to construct them and we plan to build them in forest and desert areas." [passage omitted]

Japan: Government To Supply 3 Million Yen for Wartime Sex Slaves

OW0408023696 Tokyo KYODO in English 0121 GMT 4 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 4 KYODO — A government-initiated private fund will provide 3 million yen worth of welfare aid each to Asian women forced into wartime sexual slavery for Japanese troops in addition to the 2 million yen compensation already pledged, according to a member of the fund.

The Asian Women's Fund plans to help improve the women's housing conditions, and supply medicine and nursing-care services as part of the work that the government conducts out of "moral responsibility," said the member, who spoke on condition of anonymity.

The additional 3 million yen spending will comprise 2.28 million yen to be paid to each of the women in the first year for the task of improving their houses and 180,000 yen annually in the following four years for medical assistance.

The organization wants to start the project in the current fiscal year ending March 31 if possible, according to the member.

Prime Minister Ryutaro Hashimoto pledged last month to consider the early implementation of health and welfare assistance for some 300 of the women forced to serve as prostitutes for Japanese soldiers during World War II.

Members of the fund, headed by Bunbei Hara, are in South Korea to discuss the project with the former so-called "comfort women," as known euphemistically in Japan, and with related South Korean organizations.

A South Korean organization criticized the visiting fund members for making a false explanation to the women that the fund will provide 3 million yen of additional cash compensation.

But the fund members said they are telling them the precise contents of the project.

Officials at the one-year-old fund decided last month to pay 2 million yen each to 300 surviving comfort women in South Korea, the Philippines and Taiwan, as well as carrying out the 700 million yen health and welfare project.

Some of the women, however, have made it known that they will not take anything from the "private" fund based on donations from the Japanese public, and are demanding direct compensation from the Japanese Government.

Historians estimate that up to 200,000 women, mostly from the Korean peninsula but also from the Philippines, Indonesia, China and other countries, were forced into sexual slavery in front-line brothels by the Japanese Imperial Army before and during the war.

Japan: MOF Permits Insurers To Form New Subsidiaries

OW0608113396 Tokyo KYODO in English 1046 GMT 6 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — The Ministry of Finance (MOF) on Tuesday permitted six major life insurance companies to set up nonlife insurance subsidiaries, ministry officials said.

The MOF also allowed 11 nonlife insurance firms to establish life insurance units.

The approval of the 17 companies' applications was delayed due to an impasse in negotiations between Japan and the United States over opening the Japanese insurance market.

The officials said the insurers need the approval now as they plan to begin new operations in October.

Tokio Marine and Fire Insurance Co. established its life insurance subsidiary later in the day, while the others plan to follow suit Thursday.

The U.S. is urging a three-year freeze on new entries into the accident insurance sector of the Japanese market to protect foreign insurers' strong position there, while the Japanese Government intends to let life insurers' nonlife insurance subsidiaries start selling accident insurance products at an early date.

Nonlife insurance subsidiaries of life insurance companies are set to seek approval from the MOF to sell automobile, fire and accident insurance products when they apply in the near future for the necessary licenses.

Tokyo and Washington are expected to resume insurance talks in September.

Japan: EPA White Paper Urges Structural Reform

OW0308095096 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Jul 96 Evening Edition p 2

["Gist" of the 1996 economic white paper released on 26 July by the Economic Planning Agency (EPA)]

[FBIS Translated Text] Japan has suffered from low economic growth for the past four years. What has caused the low economic growth? The 1996 economic white paper analyzes the present condition of the Japanese economy from three viewpoints — "business trends," "industrial adjustment," and "economic systems" — and studies what must be done to revive the economy, which has now undergone great changes.

I. Business Trends

A shift of emphasis to personal consumption and investment in plants and equipment, which are two major forces for economic recovery, is delayed.

Personal consumption has failed to boost the economy because of a modest increase in real income, not because of a decrease in commodity prices, stock deflation, and low interest rates. If the job situation improves and pushes up real income, consumer spending will somewhat increase.

Stagnant business investment is attributable to a decrease in capital stock needed for production following the yen's steep appreciation and to a decline in value of nonmanufacturing industries' assets. However, the investment environment has gradually improved thanks to the government's efforts to check the yen's rise since the summer of 1995. From now on, increasing corporate earnings will further improve the investment environment.

The job situation remains serious. But the introduction of shorter working hours proves to be effective in preventing a rise in the unemployment rate. Meanwhile, structural changes are observed, such as a shift from being self-employed to being an employer and from manufacturing to nonmanufacturing businesses, a rising demand for those with special expertise or high skills, and an increase in the unemployment rate among the young and the elderly.

There is also a change in Japan's current account surplus. Despite low economic growth, Japan's surplus has steadily been shrinking because of stagnant exports and increasing imports. The yen's rise has brought down the prices of imported goods and promoted the transfer of companies' production bases overseas.

Relatively high domestic prices have been reduced to near the level of relatively low international prices. In other words, Japan is moving toward a low-price economy. Under such circumstances, exports and consumer spending will increase. Thus, reductions in both the current account surplus and excess personal saving can be expected.

Fiscal stimulus measures taken so far failed to boost the economy. This is because stagnant business investment following the collapse of the bubble economy and a delay in improving corporate business confidence, which has worsened due to the yen's appreciation, reduced their expected effects. It is wrong to think that the government's debt-ridden finances make full economic recovery impossible. Yet, if the government continues to have fiscal deficits, the market will lose confidence in the government's debt payment ability. For the long term, it will have negative effects on the economy.

Some people say: "It is now unpredictable what effects monetary policies will have on the real economy." Certainly, nominal economic growth is affected by the growth in money supply. However, ineffective monetary policies are not the only cause of the slow economic recovery. A drastic decrease in corporate earnings might have caused the stagnant business investment. As such, it has been confirmed that real factors affected the economy. The assertion that the adoption of a loose monetary policy will immediately lead to full-fledged economic recovery is not convincing.

The economy remains on a recovery trend thanks to a steady increase in private-sector demand. However, the tempo of economic recovery is not fast. Unless personal consumption and investment in plants and equipment further increase in the latter half of FY96, the tempo may slow down, though temporarily.

The fragility of the economy will remain if the government resorts only to short-term policies to shore it up. The government should courageously carry out structural reform of the economy from a midterm viewpoint so that the Japanese economy will strengthen and achieve sustainable growth.

II. Industrial Adjustment

The structure of the Japanese economy is characterized as having a "three-tier structure," in which productivity differences are very large and continue to expand. The structure consists of "comparatively advantageous manufacturing industries" with international competitiveness, such as electrical and transport equipment; "comparatively disadvantageous manufacturing sectors" without international competitiveness, such as food and textiles; and "nontradables" which are free from competition with foreign firms, such as electric power and real estate businesses.

With their high productivity, the comparatively advantageous manufacturing industries enhanced their international competitiveness under the conventional catch-up type economic structures. However, productivity differences between these industries and the comparatively disadvantageous sectors expanded. Also, price gaps between Japan and abroad in the nontradable sector widened.

Industrial reforms should be promoted not by reducing the productivity of the comparatively advantageous sector, but by reshuffling the comparatively disadvantageous and nontradables sectors with rising imports and deregulation. We believe that this is the key to achieving the reduction of Japan's current account surplus and a shift toward a low-cost economy. It is essential to increase the productivity of the entire economy to improve the people's living standards. Increasing the productivity of the nontradable sector, which occupies an important position in the national economy, is very beneficial.

In the ongoing structural adjustment of industries, small and medium-size firms are urged to undergo a great structural reform. Their productivity has decreased more than that of major companies because of various changes, such as the recent appreciation of the yen, an increase in overseas production, and deregulation. The number of job offers from them has also greatly decreased.

Meanwhile, new trends are observed. Small- and medium-size companies that serve as subcontractors for major firms have been urged by their parent companies to carry out structural adjustment. However, these firms are seeking to establish new business relations with their parent companies by discarding conventional business transactions. In the retail sector, small and individual companies with low sales efficiency have been greatly reduced, while middle- standing firms with high sales efficiency are increasing.

A new business strategy is needed to use these trends to strengthen economic power. To this end, it is necessary to heighten corporate technology and knowledge intensity, expand businesses overseas, establish niche industries, and build a network of small and medium-size firms with special expertise. It is also important for the government to promote deregulation and competition and improve the business climate to indirectly support private companies.

Technological advances enabled the catch-up type economic growth after the war. But lately, room for improvement of the catch-up type productivity is getting smaller.

The productivity of research and development is judged based on whether it will lead to the development of new technology and how widely the technology will spread.

In order for Japan to maintain its technological superiority, it is essential to promote effective investment, enhance the efficiency of research and development through the promotion of international joint projects involving governments, companies, and academic institutions, and pay attention to roles played by new and small and medium-size companies that participate in research and development.

Also, it is necessary for the government to actively promote basic research and improve infrastructure for research and development so that Japan's research and development capability will be enhanced.

III. Economic System

In the 50 years since the war, the Japanese economy has increased productivity and progressed rapidly by tiding over various crises. Underlying such economic development have been Japan's own regulation framework and practices comprising the "Japanese-style economic system." Among them are a financial intermediation system centered on main banks and lead managers; employment systems, including a seniority-based wage system and long-term employment; interbusiness systems as represented by the "keiretsu" system and cross-shareholdings; and public regulations spread in various fields.

However, given a situation wherein economic activities have become borderless owing to the development of information and communications technology, the yen has appreciated, the age of the population is rising, and the people's sense of value has changed, not only is the adjustment of the industrial structure needed, but the fundamental correction of those economic systems is also required.

The conventional economic systems have had "supplementary" functions by which defects of regulations are supplemented by other regulations. However, there is a possibility that the systems as a whole would not work effectively when a change in external environment makes it difficult to maintain even partially the systems. What is important from now on is the establishment of a self-responsibility system and the provision of various alternatives under that system.

One characteristic of the financial intermediation system is fixed relationships between companies and main banks in indirect financing and between companies and lead managers in direct financing. In such relationships, the rationality of the economy can be confirmed to some degree. This is because such fixed business relations can help companies cut costs needed for gathering and analyzing information and can help main banks and lead managers contribute to the stability of company management as strong stockholders.

Yet, during the bubble economy era, financial institutions that tried to expand their business base without having a sufficient risk management system extended excess loans, taking advantage of the fact that the outstanding loans of the main banks had not dropped. Thus, there was the limit to the main banks' role.

In direct financing, security firms failed to sufficiently fulfill their function to examine companies whose funds were invested in spot transactions, which have a low investment efficiency, and in stock purchases. In this way, funds distribution was inefficient.

From now on, it is important to let both funds suppliers and users make flexible use of the financial intermediation functions without giving them the alternative of direct financing and indirect financing.

Japan's employment system, including long-term employment and the seniority-based wage system, has produced certain degree of economic rationality, such as accumulated effects of special skills and technology, and has created a society in which changes in the employment situation are small. However, there are increasing labor costs and a change in the industrial structure in the socioeconomic environment.

In the future, while taking advantage of the benefits of long-term employment, it is necessary to create a system capable of responding flexibly to each economic situation by correcting the wage system and improving the employment and social security systems.

As for interbusiness systems, there are signs of a gradual change in Japanese-style interbusiness relationships such as the "keiretsu" and cross-shareholding, but this trend does not reflect rise of new businesses. It merely reflects a change of an era. As a problem in the fatigued postwar systems, it is unavoidable to come to grips with the problem of the public sector. At present, the importance is being attached to the way to make the best use of the spontaneity of the private economy while limiting the government's intervention as much as possible. With regard to social security problems, such as public pensions and medical insurance, efforts to constantly improve the rationality and efficiency of the public sector are required in view of the aging society.

Japan: Togensha Chief Served Arrest Warrant in 'Jusen' Scandal

OW0508053896 Tokyo KYODO in English 0528 GMT 5 Aug 96

[FBIS Transcribed Text] Yokohama, Aug. 5 KYODO — Police served a new arrest warrant Monday on the head of the Tokyo-based realtor Togensha, a major borrower from "jusen" housing loan companies.

Kanagawa prefectural police served an arrest warrant on Kichinosuke Sasaki, 64, the detained president of Togensha, on suspicion that he made a false registration of a land plot owned by the company to evade tax in 1992.

Sasaki has been indicted on charges that he obstructed the auction of a Togensha-owned plot of land and that he made false testimony in the Diet.

Togensha borrowed a total of 72.8 billion yen from four of seven failed housing loan companies, making it the sixth largest borrower from the failed "jusen" companies.

Japan: Realtor Head Goes on Trial in 'Jusen' Asset-Hiding Case

OW0608044096 Tokyo KYODO in English 0431 GMT 6 Aug 96

[FBIS Transcribed Text] Osaka, Aug. 6 KYODO — The head of an Osaka-based realtor that owes huge sums to failed "jusen" housing loan companies went on trial Tuesday on charges including hiding assets to prevent them being seized by creditors.

A plea by Kenichi Sueno, 53, president of Sueno Kosan, was postponed but his lawyer said the defendant is preparing to plead guilty to the charges at a second hearing set for Sept. 6.

Sueno is one of four defendants on trial over several charges in 13 cases at the Osaka district court.

The other three defendants are Takeshi Adachi, 65, vice president of Sueno Kosan, Hideaki Shigetome, 56, a director of the realtor, and Eiji Komeda, the 57-year-old president of a Sueno Kosan subsidiary.

The four are charged with forgery of official documents, tax evasion and violation of labor standards, among other things.

Sueno Kosan is one of the biggest borrowers from the seven "jusen" companies, with 236.7 billion yen in overdue loans from the housing loan companies.

Japan: Coalition Drafts Financial Sector Deregulation Plan

OW0608101996 Tokyo KYODO in English 0921 GMT 6 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — Japan's three ruling coalition parties have mapped out a draft plan to deregulate Japan's financial markets, calling for completely lifting legal barriers among banking, securities and other financial services, coalition sources said Tuesday.

The draft, worked out by a coalition task force on administrative reform, says the government should allow any type of financial institution to freely provide banking, securities and all other financial services starting in the year 2001, according to the sources.

At present, banks and securities houses can advance into each other's turf through subsidiaries. The scope of services provided by such subsidiaries, however, is substantially limited.

The plan also noted that the Tokyo market is failing to become internationally attractive due to remaining regulations and high commission burdens, the sources said.

The draft calls on the Finance Ministry to allow securities houses to start business upon registration with it, they said.

At present, brokerage companies have to obtain licenses from the ministry to start business.

Among other measures to revitalize the Tokyo market, the draft is asking the government to review financial services by the public sector, including postal savings and lending services by government-affiliated institutions, the sources said.

Based on the draft plan, the coalition task force is expected to map out specific deregulation proposals by this fall, they said.

Japan: Urban Developer Cosmos Japan 'Effectively Bankrupt'

OW0608055896 Tokyo KYODO in English 1430 GMT 6 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — Cosmos Japan International, a Tokyo-based urban developer, went effectively bankrupt Tuesday when it dishonored a bill for the second time, a private credit research agency said.

Teikoku Databank said the real estate company's debt totals 95,069 million yen, the biggest level of debt in 1996 for a bankrupt other than nonbank moneylenders.

Including nonbanks, the bankruptcy is the fourth largest for this year, the agency said.

Cosmos Japan, established in 1980, grew rapidly during the time of Japan's asset-inflating "bubble" economy and reached annual sales of 18.9 billion yen in the year ended in February 1988, through its operation of rental office buildings and condominiums.

The sales kept exceeding the 10 billion yen level even after the burst of the bubble but the burden of interest payments expanded, too, due to the company's huge borrowings from nonbank institutions.

Cosmos Japan fell into the red with some 1.5 billion yen in losses in fiscal 1992 and tried to reduce the debt by selling properties but could not recover sufficient funds.

The company also borrowed from failed "jusen" housing loan companies, and had debts of 2.6 billion yen to Daiichi Housing Loan Co. and 4 billion yen to Chigin-Seiho Housing Loan Co. as of the end of June 1995.

Japan: Mitsubishi Heavy Industries Wins PRC Power Plant Order

OW0608092396 Tokyo KYODO in English 0853 GMT 6 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — Mitsubishi Heavy Industries Ltd. Said Tuesday it has received an order from China for building a thermal power plant reactor for a Chinese steelmaker.

The contract for building the third reactor for the Baoshan power plant in the suburbs of Shanghai was signed last Friday in Beijing between Mitsubishi and China National Technical Import and Export Corp., a public entity representing the Baosteel Group, the largest steelmaker in China, Mitsubishi Heavy said.

Other Mitsubishi Group companies — Mitsubishi Electric Corp. and Mitsubishi Corp. — will also undertake the deal, the company said.

Mitsubishi Heavy said it will mainly supply a boiler, turbine and other equipment for the 350-megawatt reactor, which is scheduled to begin commercial operations in the spring of 1999.

The contract also includes supervision of installation and training of local operators.

The Baosteel Group plans to construct a steelmaking facility to meet China's rapidly increasing demand for steel.

The planned new reactor will cater not only to the city of Shanghai where power demand is surging, but to the group's new steel facility, Mitsubishi Heavy said.

Japan: Tomen Signs Mobile Phone Market Contract in PRC

OW0608042396 Tokyo KYODO in English 0400 GMT 6 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — Trading company Tomen Corp. has signed a contract with China's semipublic telecommunications company and a subsidiary of France Telecom to do joint business in China's burgeoning market for mobile phones, a company official said Tuesday.

Tomen signed the contract in Beijing on Monday [5 August] with China United Telecommunications Corp. and France Telecom Mobiles International (FTMI), the official said.

With a total investment of about 50 billion yen, the companies are aiming to serve 80,000 new subscribers in Guangdong province by the year 2010, he said.

The three companies will set up joint ventures in the two cities of Foshan and Guangzhou in the province at a total capital of around 2.4 billion yen, with Tomen and FTMI holding a majority of the shares, the official said.

He said that over the next three years, the venture companies will provide for 80,000 subscribers in Guangdong province services based on the European digital standard — the global system for mobile communications.

China United Telecommunications already has 20,000 subscribers in the province, he added.

The Chinese company will directly operate the facilities to be supplied by Tomen and FTMI, and will pay the two companies part of the revenues from the telephone business, the Tomen official said.

Japan: Yaohan Retail Chain Plans Major Presence in PRC Market

OW0608075596 Tokyo KYODO in English
0715 GMT 6 Aug 96

[FBIS Transcribed Text] Shanghai, Aug. 6 KYODO — The Yaohan International Group will open a total of 1,060 stores in China by 2005, says Kazuo Wada, chairman and chief executive officer of the Japanese retail chain operator.

Centering on Nanjing, Shanghai and 12 other cities located along the Chang Jiang river, Yaohan will establish 1,060 outlets in a joint venture with local concerns, Wada said in a recent interview with KYODO News.

The Chinese operation will create 50,000 new jobs locally and will involve development of 100 new Yaohan brands for foodstuffs and clothing tailored to Chinese consumers, Wada said.

Yaohan had previously planned to set up about 1,000 stores in China by 2010.

Referring to Yaohan's recent transfer of its headquarters from Hong Kong to Shanghai, Wada said Shanghai has huge growth potential with an annual 10 percent gain expected to last through the coming decade.

Investment costs in Shanghai are cheaper than in Hong Kong and Tokyo, Ada said, citing what he termed reasonable land prices.

The headquarters' transfer was made July 1 to mark the return of Hong Kong to Chinese rule exactly one year later.

Other major cities in China are also expected to grow rapidly with an average annual income already reaching $1,000 per household, enabling Yaohan's Chinese operations to achieve an annual sales growth of 10 percent in the coming 10 years, Wada said.

He said Yaohan pins high hope on an expected concentration of the world's major banks in Shanghai's Pudong special economic district as a leverage for the company's Chinese operations.

"Japanese banks are already planning to establish their second Chinese branches in Pudong. The district will eventually become Asia's financial center with the presence of banks from all over the world," Wada said.

Japan: Aiwa To Shift Production From Overseas to Japan

OW0508013196 Tokyo KYODO in English
0114 GMT 5 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 5 KYODO — Japanese audio equipment maker Aiwa Co. will shift most of its overseas production of minicomponent stereos to a domestic plant, company officials said Monday.

The move stems in part from a weakening of the yen against the U.S. dollar, which makes imports more expensive in Japan, they said.

Moreover, Aiwa is seeking a greater market share for such stereos by domestically producing high-value added new models, they said.

The audio equipment maker will soon release several new models for the Japanese market which incorporate minidisks or newly developed speakers, the officials said.

As a result of the release of the domestically produced products, Aiwa's domestic production ratio of minicomponent stereos to overall output will rise to 90 percent for fiscal 1996 from the current 10 percent, they said.

Aiwa currently manufactures minicomponent stereos in Malaysia, Singapore and China, but will reduce overseas output sharply as it begins production at its plant in Iwate prefecture, northern Japan, they said.

Aiwa will produce more than 600,000 such stereos domestically in fiscal 1996, 90 percent of which will be manufactured at the Iwate plant, they said.

Aiwa produced 50 percent of its minicomponent stereos overseas in fiscal 1994 but has increased the overseas production ratio to 90 percent since fiscal 1995 due to the sharp appreciation of the yen, they said.

Japan: MITI Drafts Computer Network Security Plan

OW0608112496 Tokyo KYODO in English
1001 GMT 6 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — The Ministry of International Trade and Industry (MITI) said Tuesday it has drawn up a guideline to prevent unauthorized access to computer networks by hackers.

The guideline will be officially notified to the public Thursday to help individual system users, companies and network service providers prevent damage from hackers, it said.

The ministry will also start a 24-hour service of the Japan Computer Emergency Response Team/Coordination Center (JPCERT/CC), to be affiliated with the MITI, the same day to handle inquiries regarding such mischievous access, it said.

"When things like destruction of data files occur to a network, JPCERT/CC will respond to give appropriate advice, while the guideline is for preventive measures," a ministry official said.

The JPCERT/CC, which starts full operation Oct. 1, is the Japanese equivalent of a U.S. center which handled 33,600 inquiries in 1994, the official said.

He cited as an example, a hacking incident April 12 on a network based in Oita Prefecture, southwestern Japan which destroyed user-identifications and passwords of some 2,000 people, as well as e-mail and home pages.

The incident, currently being investigated by police, is "the tip of an iceberg" the official said, as many cases of unauthorized access might have been overlooked or not reported by companies when not that destructive.

If trouble suspected of being caused by hackers happens, "an inquiry to JPCERT/CC could help find out the cause and thus prevent actual damage," the official said.

The preventive guideline consists of four parts for people differently involved on networks — end users, company system managers, network service providers and system integrators.

"The things written are ordinary security measures but are often forgotten," the official said.

For example, users should never write their password down paper, but "most of them actually do so so as not to forget the password," he said.

He cited a survey conducted in March by another affiliated organization, Japan Information Processing Development Center, on corporate network security measures.

Of some 2,000 major companies polled, only 17.1 percent had a security managing official in charge of preventing unauthorized access.

Companies which educate the system-using employees comprised only 14.3 percent of the total, and those utilizing security "fire walls" accounted for only 7.0 percent, the survey showed.

As to why companies are not taking necessary measures, 51.2 percent replied that they do not know what steps they have to take.

"The guideline can effectively show companies how to deal with network security," the official said.

Japan: Voting Begins on Nuclear Plant in Maki Town Referendum

OW0408023596 Tokyo KYODO in English
0124 GMT 4 Aug 96

[FBIS Transcribed Text] Maki, Japan, Aug. 4 KYODO — Voters went to the polls Sunday in the town of Maki, northern Japan, to decide whether to build a nuclear power plant in the nation's first municipal referendum.

The outcome of the plebiscite will not be legally binding, but the town's mayor has indicated he will bar the sale of municipal land in an area where the plant is to be built if voters oppose the project.

The outcome could strongly influence the future of Japan's nuclear power industry.

The project, first proposed in 1969 by Tohoku Electric Power Co., has been on hold since 1983 due to difficulties in acquiring land.

Voters were simply asked to say "yes" or "no" to the plan.

The outcome from the town's 13 polling centers is expected to be known sometime after 9 P.M. The town has some 23,000 eligible voters among a population of 30,000.

Five cities and towns in Japan have ordinances permitting referendums, but so far no others have been held.

Maki is on the Sea of Japan coast, some 25 kilometers southwest of the prefectural capital of Niigata and 250 km northwest of Tokyo.

The town enacted the Nuclear Referendum Ordinance a year ago after Mayor Takaaki Sasaguchi's predecessor signaled readiness to sell municipal land to the power company. The ordinance urges the mayor to respect the wishes of the majority of voters.

Opponents and supporters of the project have vigorously canvassed residents and handed out leaflets.

Supporters of the project stress the plant's likely economic benefits to the town, while opponents warn of the dangers residents would face in the event of a major nuclear accident.

Japan: Maki Voters Reject Nuclear Power Plant in Referendum

OW0408142196 Tokyo KYODO in English 1331 GMT 4 Aug 96

[FBIS Transcribed Text] Maki, Japan, Aug. 4 KYODO — In a major setback to Japan's nuclear power industry, residents in a small sea of Japan coastal town in Niigata Prefecture on Sunday voted in a historic referendum against a nuclear power plant project.

The final tally shows 12,478 people voting to reject the nuclear power plant project pushed by Tohoku Electric Power Co. and 7,904 people in favor. There were 118 invalid votes.

Mayor Takaaki Sasaguchi declared shortly after the vote that his town of some 30,000 residents will not sell municipal land in an area where the plant is to be built by Tohoku Electric Power.

The referendum's outcome is not legally binding but both local and national government leaders are taking it seriously.

The president of Tohoku Electric Power, Toshiaki Yashima, told a news conference that he regrets Sunday's outcome.

But he was quick to add that his company would not drop the nuclear power plant project and would do its best to bring it to fruition.

Reflecting the residents' interest in the referendum, voter turnout was an extremely high 88.29 percent, topping the 87.68 percent set in the 1994 mayoral race, in which the nuclear power plant was a central issue.

The outcome of Sunday's vote is certain to affect the direction of Japan's nuclear power policy and may ignite a series of similar local-level referendums.

It also came at a time when many Japanese are becoming concerned about the safety of nuclear power plant projects in the wake of an accident at the fast-breeder reactor Monju in Tsuruga, Fukui Prefecture, also on the Japan sea coast.

Monju has been closed since the leak of a sodium compound from its secondary cooling system in December last year.

Prime Minister Ryutaro Hashimoto said the implications of Sunday's vote in Maki would be serious.

He was apparently alluding to a potential chain reaction from people in other parts of the country with other political agendas, including concerns over the presence of U.S. military bases in Okinawa and other prefectures, as well as nuclear power plant projects.

Chief Cabinet Secretary Seiroku Kajiyama has said the Maki residents' vote should be taken very seriously although it is not legally binding.

But people have to grapple with the issue of finding stable sources of energy should they plan to lessen their dependence on nuclear energy and imported oil, analysts said.

The Maki nuclear power plant project, first proposed in 1969, has been on hold since 1983 due to difficulties in acquiring land.

Residents cast their ballots at the town's 13 polling centers. The town has 23,222 eligible voters.

Although Maki, three other towns and one city in Japan have ordinances requiring referendums on nuclear power plant projects, Maki is the first municipality to hold one.

Maki is located some 25 kilometers southwest of the prefectural capital of Niigata and 250 km northwest of Tokyo.

The town enacted the nuclear referendum ordinance a year ago after Mayor Sasaguchi's predecessor signaled his readiness to sell city-owned land to Tohoku Electric Power based in Sendai, Miyagi Prefecture in northeastern Japan. The ordinance urges the mayor to respect the wishes of the majority of voters.

Opponents and supporters of the project had vigorously canvassed residents and handed out leaflets during the campaign.

Supporters of the project stressed the plant's likely economic benefits to the town, while opponents warned of the dangers residents would face in the event of a major nuclear accident.

Sasaguchi said Sunday's vote shows that a clear majority of residents in his town are opposed to the nuclear power plant.

This town's future direction does not include coexistence with a nuclear power plant," he said.

Niigata Gov. Ikuo Hirayama, reacting to the outcome of the Maki referendum, said his prefectural government is taking the case seriously.

"It is a display of the people' views, so we cannot deny it," he said. But he added that nuclear energy policy is an important national policy that requires each local community's "understanding and cooperation."

Takashi Ezaki, director general of the Agency of Natural Resources and Energy, told a news conference in Tokyo, "there is no change in the domestic energy policy of depending on nuclear energy and there will be no freeze on the Maki nuclear power plant project."

Japan: Kajiyama Says Referendum Not 'Denial' of Nuclear Policy

OW0508040196 Tokyo KYODO in English
0336 GMT 5 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 5 KYODO — The rejection of a nuclear power plant project in Sunday's [4 August] referendum in Maki, Niigata prefecture, does not constitute a denial of Japan's need for nuclear energy, the top government spokesman said Monday.

The rejection only covers a single project and will not bring about a major setback to Japanese nuclear energy policy, Chief Cabinet Secretary Seiroku Kajiyama said.

"The construction has become virtually difficult, but it will become possible if we get the understanding of the town's residents for our energy situation," Kajiyama told a press conference.

More than 60 percent of voters in Maki, some 250 kilometers northwest of Tokyo, voted to reject the nuclear power plant project pushed by Tohoku Electric Power Co.

Mayor Takaaki Sasaguchi declared shortly after the vote that his town of some 30,000 residents will not sell municipal land for the proposed plant to Tohoku Electric Power.

Japan: Hashimoto Says Nuclear Policy Not Yet 'Well Understood'

OW0508085096 Tokyo KYODO in English
0805 GMT 5 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 5 KYODO — Prime Minister Ryutaro Hashimoto said Monday the rejection of a nuclear power plant project in Sunday's referendum in Maki, northwestern Japan, showed that people did not understand the government's nuclear energy policy.

"To our regret, the entire nuclear energy policy has not yet been well understood," Hashimoto told reporters.

The prime minister said the government must make further efforts to explain the need for a nuclear energy policy.

"Given that we have no alternative to the new energy policy at present, we must consider nuclear energy as a main source of our energy, although the precondition is that it must be safe," he said.

Hashimoto said that while referendums allow residents to express their opinions on certain issues, the results of Sunday's poll "were different from government policy."

Ichiro Ozawa, head of the main opposition party, Shinshinto (New Frontier Party), said the issue should be resolved in the context of the nation's energy policy.

To solve the issue, it will be necessary to reconcile people's opposition to nuclear energy with their daily use of energy, Ozawa said in a news conference in Sendai, Miyagi Prefecture, northeast of Tokyo.

More than 60 percent of voters in Maki, a small town in Niigata Prefecture some 250 kilometers northwest of Tokyo, voted to reject the nuclear project pushed by Tohoku Electric Power Co.

Mayor Takaaki Sasaguchi declared shortly after the vote that his town of some 30,000 residents will not sell municipal land for the proposed plant to the power company.

Japan: Hashimoto Says No Snap General Election Until Year-End

OW0608053096 Tokyo KYODO in English
0501 GMT 6 Aug 96

[FBIS Transcribed Text] Hiroshima, Aug. 6 KYODO — Prime Minister Ryutaro Hashimoto indicated Tuesday he would not like to dissolve the House of Representatives and call a snap general election until the government compiles the fiscal 1997 budget at the end of the year.

Hashimoto told a press conference in Hiroshima, where he attended a ceremony commemorating the 51st anniversary of the atomic bombing of the western Japan city, that he has a number of domestic and international commitments he wants to complete as prime minister.

He said these include special budget allocations set aside for the restructuring of the Japanese economy under the leadership of his cabinet, with emphasis on the promotion of scientific research and development of telecommunications infrastructure.

Hashimoto said other obstacles to an early dissolution of the lower house are the government's desire to devise with the United States a formula for the reduction of U.S. military bases in Okinawa Prefecture, southwestern Japan, and the issue of a supplementary budget.

The prime minister also said that between September and November of this year, a number of foreign leaders, including French President Jacques Chirac, will visit Japan.

"In November, there will be an Asia-Pacific Economic Cooperation (APEC) forum summit and I certainly want to take part," Hashimoto said.

Some quarters of the ruling and opposition camps strongly favor a dissolution at an extraordinary session in the fall of the Diet, but Hashimoto's latest statement indicated he is considering other options.

Japan: Coalition Parties Disagree on MOF Reorganization

OW0608125796 Tokyo KYODO in English 1136 GMT 6 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — Japan's three ruling coalition parties failed Tuesday to adopt draft proposals for reorganizing the Ministry of Finance (MOF) due to opposition from the Liberal Democratic Party (LDP), the biggest component of the three, coalition sources said.

At a meeting of a coalition task force on the ministry's reform, Shigeru Ito, a senior Social Democratic Party (SDP) member who chairs the panel, presented a set of draft proposals, including creation of an independent financial watchdog, the sources said.

Ito, however, was forced to withdraw the proposals because LDP members opposed them, they said.

Behind the LDP's objection is the Finance Ministry's lobbying against moves to reduce its power, the sources said.

Moves toward restructuring the ministry were earlier gathering momentum among the three parties on the back of public anger over the ministry's plan to use 685 billion yen in taxpayers' money to help clean up bad loans at failed mortgage loan companies.

The ministry, however, has been lobbying LDP members to protect it from a possible breakup, the sources said.

With general elections looming on the horizon, LDP members are also becoming reluctant to tackle such a difficult task as the ministry's organizational reform, they said.

According to the sources, Ito's draft proposals call for separating the inspection sector from the Finance Ministry to create a new independent watchdog for financial institutions.

They say the ministry's bureaus on banking, securities and international finance should be consolidated into a financial bureau.

The draft also calls for reviewing the ministry's power to compile state budgets.

In the task force meeting, Kaoru Yosano, acting chairman of the LDP's Policy Affairs Research Council, argued that the party cannot accept the proposals because they are impractical, the sources said, with other LDP members voicing a similar view.

Japan: Former Premier Proposes Political, Economic Reform Package

OW0608073496 Tokyo KYODO in English 0709 GMT 6 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 6 KYODO — Former Prime Minister Morihiro Hosokawa unveiled a political and economic reform package Tuesday calling for the privatization of postal services, a slimmer central government bureaucracy and a stronger premier.

Hosokawa, whose short-lived government had aimed to break the bureaucracy's domination of Japanese politics, submitted the package in a meeting of the shadow cabinet of the major opposition party, Shinshinto (New Frontier Party).

As part of administrative reforms, the package also urged the privatization of national universities and hospitals. It proposes to create basic legislation for economic deregulation while amending related laws by 1999 at the latest.

The nation's telecommunications giant, Nippon Telegraph and Telephone Corp., should be completely privatized, while regulations for the licensing of banking and securities businesses should be eased, it said.

The tax system should be overhauled before the end of the century without increasing the fiscal burden on taxpayers, it said, adding that tax reform should encompass an income tax cut, a fairer property tax and a possible consumption tax hike.

A part of the additional consumption tax income arising from a tax boost could be used to replenish the national pension fund and to allow for a cut in social insurance payments, Hosokawa said.

As for regional administrative reform, he suggested that villages and small towns be merged with municipalities with a population of some 300,000 each and that a local referendum system be introduced.

In the political arena, Hosokawa wants to see the number of legislators in both houses of the Diet reduced and the proportional allotment of seats in the House of Councillors scrapped.

He also proposed that the voting age be lowered to 18 from 20.

Hosokawa, whose Japan New Party dissolved when it merged with other opposition groups to form Shinshinto, is one of the initiators of a nonpartisan study group for administrative reform.

He became prime minister in August 1993 as head of a coalition government that ended the Liberal Democratic Party's longtime monopoly on power, but he resigned over a money scandal after only eight months in office.

Japan: Sakigake's Hatoyama Says Tokyo Should Apologize to Asia

OW0208083196 Tokyo KYODO in English 0735 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — Yukio Hatoyama, chief secretary of the ruling coalition New Party Sakigake, said Friday Japan should apologize to Asian countries for its colonization and aggression before and during World War II in a way they will restore trust.

"There is no meaning in apologies that are not accepted by other countries. Japan should acknowledge its past colonization and aggression to become a country trusted by Asian and Pacific countries in the 21st century," he told a press conference at the Japan National Press Club.

Hatoyama also said Japan should share its historical perception with its Asian neighbors in order also to help the Asia-Pacific Economic Cooperation (APEC) forum work in diplomatic and security fields.

He spoke to the press to tell of his initiative to form a new political party based on "friendship and love" with some members from the tripartite ruling coalition — the Liberal Democratic Party, the Social Democratic Party and Sakigake — and the largest opposition Shinshinto (New Frontier Party).

The politician said he will compile a platform by the end of August and form the party, or at least a preparatory forum for the party, before an extra Diet that is expected to convene in October.

Hatoyama predicted the next general election of the House of Representatives is likely to take place late this year or early next year because Prime Minister Ryutaro Hashimoto will take some time before dissolving the lower chamber due to outstanding domestic and diplomatic issues.

Japan: Sakigake's Hatoyama on Plans for New Party

OW0408235496 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Aug 96 Morning Edition p 2

[FBIS Translated Text] Yukio Hatoyama, secretary general of New Party Sakigake, commented on the timing of forming a new party in a speech to the Japan National Press Club in Tokyo on the afternoon of 2 August, and indicated an intention to seek a virtual formation of a new party by the end of September. He said: "Before the opening of the extraordinary Diet session, we should present an outline of forming a new party or setting up a group to prepare for the creation of the new party." As prospective leading members of the new party, Hatoyama named "Soshikai" (led by Nobuyuki Sekiyama), an intraparty group within the Social Democratic Party [SDP], Banri Kaieda, a lower house member and representative of the Citizens Action League [Shimin League], former Hokkaido Governor Takahiro Yokomichi, and others.

Explaining the reason why he intends to launch a new party "before the extraordinary Diet session," Hatoyama said: "Two or three months are necessary to make preparations before the election." With regard to the new party lineup, he stated that "it is difficult for Sakigake members to act in a body."

Commenting on the proposal by Shusei Tanaka, (Sakigake deputy representative and) director general of Economic Planning Agency, that an administration designed to carry out administrative reform be established while maintaining the framework of the current coalition administration, Hatoyama asserted: "Even if the Liberal Democratic Party, the SDP, and Sakigake establish an administrative reform-oriented government while maintaining the current coalition framework, will it be able to obtain public support?" He stressed an intention to accelerate the drive to form a new party without sticking to the framework of the current administration.

Some members of Sakigake have begun to distance themselves from the so-called "Hatoyama new party" in dealing with moves toward political realignment. For example, Sakigake Representative Masayoshi Takemura and Shusei Tanaka are calling for a new regional [chiiki] party to be formed mainly by both the SDP and Sakigake. Hatoyama's remarks are believed to aim at activating moves for a new party formation, which are now losing momentum, by advancing the timing of forming the new party — the timing was originally expected to be "immediately before the next lower house election."

Japan: Health Minister Unsure About Joining New Party

OW0508120996 Tokyo MAINICHI SHIMBUN in Japanese 5 Aug 96 Morning Edition p 2

[FBIS Translated Text] Naoto Kan, minister of health and welfare, held a news conference in Takamatsu City on 4 August and commented on New Party Sakigake Secretary General Yukio Hatoyama's plan to form a new political party hopefully by September, prior to the opening of the extraordinary Diet session. Kan indicated a cautious stance on whether he would be able to join the party in September, saying: "As an individual, he (Hatoyama) is saying what he should in raising questions as a politician. However, I have joined the administration of Prime Minister Ryutaro Hashimoto based on the agreement among the three ruling coalition parties. What action I can take in certain situations is inseparable from the policies of the coalition parties, and at the moment, I have not given it any thought beyond that."

Kan also cited the following points as the basic features of the new party: 1) qualitative administrative reform; 2) a comprehensive welfare system based on the concept of a small government; and 3) a perception of Japan's past deeds in response to the sentiments of the PRC, the ROK, and other Asian countries.

Japan: Popularity of Sakigake's Hatoyama Discussed

962B0102A Tokyo SEIKAI in Japanese Jun 96 pp 30-34

[Article by Haruki Chiba, political journalist: "Why Is It Yukio Hatoyama Now?; Will He Really Be Able To Become Nagata-cho's 'Superstar'?"]

[FBIS Translated Text] Yukio Hatoyama's stock is rising sharply among young people in Nagata-cho [political quarters in Tokyo filled with Diet and party buildings]. And the very moment he became secretary general of Sakigake [Harbinger], his chance of appearing before the mass media began to increase, and as the chance has increased, his popularity has also been soaring up in proportion. Where on earth is Hatoyama's popularity coming from?

He Sells Himself With Good Personality

Yukio Hatoyama has been drawing attention ever since he topped the list of people named by political reporters in a poll conducted by a monthly journal in answer to a question, "Who do you think is the leader of the 21st century?" Until then, his name rarely drew specific attention.

"A mediocre nisei lawmaker born of a distinguished family" was somewhat a suitable label for him those days. [nisei lawmaker—a Diet member who succeeds the electoral base of his or her parent or grandparent who was also a politician]. His inborn modest character also appears to have worked to give such an impression. Everyone admitted that his younger brother and former Education Minister Kunio Hatoyama was a politician far more befitting to Nagata-cho.

Many saw Yukio, a former scholar, with a critical eye, saying that "he is the type who is not like a politician." Even some of his supporters were worried that "he may have chosen a wrong career."

Throwing himself into Nagata-cho, he joined the Takeshita faction (Keiseikai), the successor to the former Tanaka faction and a group excelling in the power of money and numbers. It seems that the following two factors led him to join the Takeshita faction: his father, the late Former Foreign Minister Iichiro Hatoyama, had belonged to the former Tanaka faction; and his younger brother Kunio (now a member of Shinshinto [the New Frontier Party]) had moved from Yohei Kono's New Liberal Club to the Tanaka faction of the Liberal Democratic Party [LDP]. Or, before anything else, Yukio may have simply followed the fashion of the day when every conservative who was desirous of pursuing a career in the political world wanted to join the Takeshita faction as it was the best caretaker for its members.

As to Hatoyama during his era at the LDP's Takeshita faction, there is nothing deserving special mention about him. This may be natural as a back-bench Diet member, but at any rate he was an inconspicuous and calm lawmaker. Any attempt to collect materials about him from his colleagues of that era fails to get any substantial story.

He remained such a man also when the Takeshita faction split. Even when he participated in the plan to form Sakigake, people, with the exception of some political reporters, totally failed to notice his existence. For this Hatoyama, his chance came when the Hosokawa coalition government was born and he became deputy chief cabinet secretary under (then) Chief Cabinet Secretary Masayoshi Takemura.

Hatoyama, a gentle and humble man at a glance, was, so to speak, making his debut on the stage of battle. Using his good personality as a selling point, he has built up his popularity among political reporters.

The high marks he obtained in the questionnaire conducted by the monthly journal on political reporters are, perhaps, largely attributable to good feelings toward his actual achievements as deputy chief cabinet secretary and his innate character.

Mass Media's Ratings Also Very High

A reporter assigned to this very Hatoyama replies as follows when asked by this writer how he is received by the mass media:

"All in all, Mr. Hatoyama gives a nice impression. He is such a refreshing personality. He also speaks candidly and honestly. Let us suppose that Tomiichi Murayama (chairman of the Social Democratic Party) and Masayoshi Takemura (head of Sakigake) met secretly. In case we ask questions to Takemura to cover the event, he would keep saying he does not know. That is, he would be lying. Or, he would change his stories, depending on his intimacy with reporters engaged in the news coverage. On this score, he is of the conventional type. Mr. Hatoyama does not have such traits."

According to the reporter, politicians do not speak honestly though this may be hard to understand for general readers, and this is more true in the case of big shots. The reporter says that this is why political reporters require training. He adds that political reporters cannot grasp true features if they and politicians use different clinical thermometers. He asserts that Takemura is of such a type, but that Hatoyama is different.

According to the reporter, Hatoyama tells the truth honestly no matter which reporters he is speaking to, and Hatoyama does not conceal things. All this must be taken with a grain of salt, but the reporter assigned to Hatoyama really believes this is so.

Let us continue to hear the assigned reporter's remarks a little more. He says:

"Hatoyama tells in a whispering tone, but he expresses his opinions in good order. What is more, he makes no strictly off-the-record remark. He allows taking notes as well."

According to the reporter, Hatoyama is really the type of politician liked by political reporters. There is no disparity between his words and actual intentions and he just tells the truth, the reporter says.

"When Takami Eto made the controversial remark that 'Japan also did some good things to Korea,' the argument arose that the reporter who revealed the off-the-record utterance was indeed outrageous. Commenting on this incident, Hatoyama then clearly said that when one expressed one's belief and one's historical perception, there could be no off-the-record remark. At that moment, I thought that he was a terrific politician."

It appears that not a few assigned reporters were struck with admiration for his deep insight. Another reporter assigned to him discloses the following episode as well:

"Hatoyama greeted his 49th birthday on 11 February. On that day, a birthday party was held by him and assigned reporters (about 20 persons) in Shinbashi at a fee of 8,500 yen each. At that time, a reporter from NISHI NIPPON in charge of the assigned press corps said in his address that though I am now asking the desk to grant permission, I would like to keep being assigned to Hashimoto until he is pushed up to the post of prime minister.' All assigned reporters have the same thought, indeed."

This is a really fabulous story in the eyes of outsiders; however, this may be from where the "Hatoyama boom" stems. Hatoyama is liked by the mass media to a tremendous degree.

Young People, Too, Throw Support

Eisuke Mori (Thursday Study Club—former Miyazawa faction) is an LDP Diet member who maintains contacts with Hatoyama. In his comment, he says that Hatoyama is "a politician with no showmanship" and "a flawless man." Like Hatoyama, Mori is also a nisei lawmaker. Such a comment may be the result of their intimacy stemming from something they have in common with each other.

Mori says with a laugh that "having a lot of money or something might be his defect if I dare to nitpick." At any rate, Hatoyama is a reliable friend for Mori.

Among those who lived with Hashimoto under the same roof as former Keiseikai members is Toshitsugu Saito. He remains in the former Keiseikai (Heisei Policy Research Forum—former Obuchi faction), but is keeping contacts with Hatoyama, a breakaway.

"He is truly a thoroughbred, the finest thoroughbred. If he accumulates a little more experience, he can become Nagata-cho's superstar." Saito thus vouches for Hatoyama's success. By the way he talks he is likely to be the first to participate in the planning in case Hatoyama's new party is going to be formed.

Saito also does not forget to give advice.

"The world of Nagata-cho is kind of like the Pacific. It is a terrific world. What is more, its fighting ring is large. Therefore, it is impossible in this world to tide over the rough seas unless one is aboard a large ship. I would like him to become aware of this and grow up." Touching on Hatoyama's appeal for "love of politics," Saito also says: "He is a man full of affection. He is very kind."

Saito also cites a saying that "the Japanese bead tree is fragrant from the time it is in bud." It means that genius displays itself even in childhood. He says in a definite tone that Hatoyama is exactly the Japanese bead tree. He also expresses his views as follows:

"The Hatoyamas have a good family tradition. Hatoyama has been brought up in a liberal atmosphere. Therefore, though I am also a nisei lawmaker, the Hatoyama family and mine are as different as day from night by comparison. Junichiro Koizumi is of a family which has produced ministers in three consecutive generations, but he hails from a local area. The Hatoyama family has also been active for three generations, but Hatoyama has grown up right in the middle of the spectacular city of Tokyo. He feels a great weight in the name of Otoba [the Otoba Palace, the Hatoyama family's original house], and the name inspires him with a sense of mission and responsibility to a considerable degree. Some day, he will handle ministerial jobs adroitly and come to lead a party. Until then, I hope that he will go up the stairs at a steady pace."

Comparison With Younger Brother and Former Education Minister Kunio

Saito was on good terms with both the older and younger Hatoyamas during the former Keiseikai era. In terms of political career, younger brother Kunio (a former education minister) is Yukio's elder, reversing seniority. This writer asks Saito to rate the Hatoyama brothers.

"The older brother studied at the department of science and engineering, and the younger brother at the department of liberal arts. The younger brother observes the world with human beings as its center. In contrast, the older brother has observed humans and machines half-and-half. What I would like to say is that persons observing machines get to understand the feelings of the machine makers. It is humans that handle politics, and so politics may drift aimlessly, depending on human handlers. People who studied at the department of science and engineering have the experience of observing machines, and, through this experience, they acquire universal principles originating in natural science. When politics are handled by such people, politics will never drift or be carried away."

This is an interesting analysis of the Hatoyama brothers. Kunio first apprenticed himself to (then) Prime Minister Kakuei Tanaka. He then served Yohei Kono, a dove, as his disciple. Further, making a complete turn, he has freely moved from one place to another, serving Noboru Takeshita wielding the power of money, Shin Kanemaru, and then Ozawa Ichiro. Kunio as such is a very ordinary politician common to Nagata-cho. This is why this writer mentioned before that Kunio was more befitting to Nagata-cho.

Feeling a dislike to the rightist structure of the LDP, the older brother plunged himself into liberal Takemura's Sakigake and has since been staying in the party. He seems to be pursuing political ideals. For the present, he intends to help remove mud with which his younger brother was soiled in the Nagata-cho quagmire and then persistently pursue the road toward realizing liberal politics. This pursuit is where Yukio's charm comes from.

However, the goal still lies far ahead. Will he be able to become "a broad-minded statesman" as described by Saito? This will be answered in the future. A real shambles is yet to come. In this shambles will he be degraded into a politician like his younger brother Kunio ?

A Politician Who Is Not a "Professional"

Junichiro Koizumi's secretary Isao Iijima points out that "this is a recent trend, but urban-style nisei lawmakers—and those who are professionals but carrying some amateurish flavor—are better accepted by the people rather than nisei lawmakers from rural and local distinguished families."

He also says: "For example, Yoichiro Aino (a leading Shinshinto member) can be cited as a nisei lawmaker from a local distinguished family. The Aino boom surfaced as he criticized Ozawa, but the boom disappeared as soon as he quit the criticism. Such a boom does not last long. What is called a good-looking guy in a local area is plump and appears trustworthy. However, Yukio Hatoyama who looks smart and does not smack of a politician wins sweeping popularity among women. The same thing can be said about my boss Koizumi."

He is saying that a politician who does not look like a politician and who is kind and of slender build is better received by the people. He is saying that an old-style politician who is of stout build is not welcome these days.

All this leads to the argument that Yukio Hatoyama is the successor to Morihiro Hosokawa. To be sure, Hosokawa, too, belonged to the category of people who were nonprofessional as a politician. In part, he was well received because he was amateurish. The people gave positive ratings to his action which was taken by breaking down conventional practices.

This very same Hosokawa resigned as prime minister because of the "Sagawa" scandal, and Tsutomu Hata intended to seize his seat in the succession, but voters did not give their hearts to an already besmirched Hata.

Such was also the case with Toshiki Kaifu. And Tomiichi Murayama far advanced in years was hardly able to perform as heavy a role as one that had been assumed by Hosokawa. Takemura, too, got hurt from "nishinkumi" [two failed credit unions] and "jusen" [seven failed housing loan companies] controversies. Ryutaro Hashimoto also has lost his luster. He is in a desperate position due to the "jusen" issue. It is very likely that LDP Secretary General Kato, an ace of the party's YKK [an LDP trio forming the central force of Group Shinseiki with Y standing for Taku Yamasaki, K for Koichi Kato, and the other K for Junichiro Koizumi], is now driven into a tight corner by the "Kato bashing" motivated partly by Shinshinto's ulterior designs. There thus comes the argument that remaining are now only Koizumi and Hatoyama.

Hatoyama Family's Huge Property

Now, when Hatoyama and Koizumi are compared, there is just one big difference. It is about property. The property of Yukio who has become the successor to the Otoba Palace, the headquarters of the Hatoyama family, is said to reach an "astronomical" amount. He is labelled as a man of the largest property in the political world.

It is the power of this "Hatoyama fund" that moved him up to the position of deputy chief cabinet secretary under the Hosokawa coalition government and now to the post of Sakigake's secretary general. The person on whom Sakigake's chieftain Takemura pins the highest hope is not Shusei Tanaka, but this very Yukio Hatoyama.

It is not too much to say that Hatoyama's existence gave birth to Sakigake. And the move these days for a new Hatoyama party involving Shinshinto's Hajime Funada is, to put it in a nutshell, derived from the Hatoyama fund.

It is wholly the Hatoyama fund that induces young people in Nagata-cho to almost unanimously send their support to Yukio Hatoyama.

In the past, there was a businessman-turned politician named Aiichiro Fujiyama. People loved him so much that they called him the "silk handkerchief." It is well known that Nobusuke Kishi grabbed this Fujiyama fund. In addition to Kishi, Fujiyama's close associates such as Masumi Esaki hung around him like hyenas. Fujiyama finally became penniless and found that his dream was shattered.

Showing a typical contrast is Yohei Kono. Hanging on this Kono fund were Takeo Nishioka and Toshio Yamaguchi, but Kono did not move to open the door of his safe. As a consequence, he could not defend his LDP presidential seat.

Well, will Yukio Hatoyama follow the style of Kono or the style of Fujiyama? And will he really become the ruler of the country in a refreshing manner by effectively using his large property? Nagata-cho's whole attention is focused on this single point.

Japan: Government Establishment of Councils Criticized

962B0097A Tokyo CHUO KORON in Japanese May 96 pp 54-65

[Article by Eiko Oya, Critic: "Common Sense and Lack of Common Sense in Establishing Government Councils"]

[FBIS Translated Text] *A facility jointly subsidized by ministries has two main entrances and two machine rooms. "We normally do not consult with each other," say Japanese bureaucrats, who tend to be unwilling to correct the vertically structured bureaucracy. Japan's current ailment is systemic. A comprehensive diagnosis is needed.*

The Meaning of Participation in Policymaking

I still have a document compiled by Prime Minister Kaifu's private consultative committee five years ago. The document is entitled as a report by the "Consultative Committee on International Cooperation." Its objective was to "collect opinions from knowledgeable individuals in various fields on what kinds of cooperative activities Japan should pursue so as to fulfill its responsibility commensurate with its national strength, thereby maintaining peace and stability in the international community."

Rokuro Ishikawa (chairman of Japan Chamber of Commerce and Industry), Junko Sasa (former chief of the cabinet's security office), Akira Yamagishi (chairman of Japanese Private Sector Trade Union Confederation), Takuji Matsuzawa (Japan Federation of Economic Organizations), and so on—altogether, 21 eminent members were included in this committee. A decision to establish this committee was made in late 1991 [a misprint for 1990], and its first meeting was scheduled for 18 January 1991. However, this meeting was cancelled on 7 January. Why? Because multinational forces began aerial bombing in the Gulf War at last on 17 January, of course.

Eventually the first meeting was held on 28 March after the war had ended. The "Consultative Committee on

International Cooperation" finished its task at its fifth meeting on 19 October. Meetings were held from 8:00 AM to 10:00 AM, with all the members present—the prime minister, the minister of foreign affairs, the chief cabinet secretary, the deputy secretary, etc. At these meetings, one member reported on a particular topic, and another member commented on it. I commented on a report by Mr. Rokuro Ishikawa on "Japan's Economic Power and Science: Making Contributions That Utilize Technological Capabilities and Deal with Global Environmental Problems." However, the document summarized my comment speciously as follows: "Many proposals have been put forward, but it is high time to take concrete actions." What I actually said, however, was as follows: "Five months after the invasion started, we are still talking about international cooperation. We are hopelessly mired. I think it's too late for this kind of discussion." My honest feeling was what good would it do by asking us to discuss this issue this late.

The reason why I brought up this issue of five years ago is that Japan was at peace then, even though the war was going on. Japan was rich enough to contribute $13 billion [to the war efforts] immediately upon request by the United States on the "touch-tone" telephone. And, councils (including private consultative committees) did not receive much pressure to be accountable.

What about now? Because of their decision to continue to permit the use of blood products not sterilized by heating with the knowledge of the risk of doing so, the group leader and other members of the Ministry of Health and Welfare's AIDS Research Group are now being accused of murder. It may be too much of a concession for us to say that they simply made a mistake in their judgment because of the lack of information at that time. But what they ended up doing was killing the patients instead of curing them. This reminds us of the heavy responsibility in participating in governmental policymaking. No matter how hard you insist that you opposed the decision when it was made, your responsibility as a member still remains heavily upon yourself.

The AIDS Research Group was not a so-called council. But it carried out the same kind of task as a council is supposed to do.

I am currently a member of the "Administrative Reform Committee," the "Tax Commission," the "Council on Electoral Districts for the House of Representatives," and the "Employment Council." These councils do not affect the people's "lives" directly, but play important roles because their decisions can affect the fate of corporations and political careers.

For example, although I am not a member, the "Financial System Research Council" compiled an interim report on 27 September last year that would open up the way for using "public funds" to pay for bad loans.

Roughly speaking, as far as policymaking is concerned, Japan as a member of the Western bloc simply had to follow the U.S. lead during the East-West Cold War period and under the 1955 structure. It also did not have to make tough allocation decisions or choices owing to the expected growth of its economy.

Now, however, we are in a predicament where we cannot satisfy either side. As each side has a good reason to support its own position, we need to make a cool-headed decision, and make it understood by the people who may have to endure some pains from it. Therefore, logical explanations are needed, but they are in short supply. The reason why the "jusen" [corporations specialized in housing loans] problem has become so mired is that it is not clear where the decisions were made, and that during the [discovery] process, no sincere explanations were provided.

All told, policymaking by bureaucrats is no longer a smooth process unlike in the past. Therefore, I would like to report on the councils that are not well known, and that people tend not to know about.

Ministers and Bureaucrats Can Also Become Members?

A council, which can be established in pursuant to Article 8 of the National Government Organization Act, is an organization under the parliamentary system that is comprised of specialists from the private sector to investigate and deliberate on an important issue. That being the case, it is unthinkable to see Diet members in a council. However, out of 219 councils, there are eight councils that have Diet members.

1. Eleven members of the "Council to Examine Qualifications of Public Prosecutors" consist of four members from the House of Representatives; two members from the House of Councilors; the Public Prosecutor General; a permanent vice minister of justice; a supreme court judge; the chairman of Japan Federation of Bar Association; and a member of the Japan Academy. As the council's task is equivalent to the impeachment of judges, I will pass this one as all right.

2. The "Election System Council." Some Diet members are involved in this council, citing as a reason that they are the concerned party. However, this reason seems to contradict with the logic that administrative reform should not be handled by former administrative officials.

The remaining six councils are the "Social Security System Council," the "Regional Systems Research Council," the Hokkaido Development Council," the "Research Council on Relocation of the Diet Building and Others," the "National Land Council," and the "Council on National Land Development and Construction of Main Highways." The reason [cited by these councils to retain Diet members] is to reflect thoroughly the wills of the majority of the citizens and local residents. However, when I carefully examine their lists of members, I can see the intention to benefit local interests in the name of the wills of local residents.

Membership of Diet members in councils was previously acknowledged at a cabinet conference in 1967. The First Ad-hoc Administrative Research Council also stated, "Diet members are not to be appointed so as to avoid their involvement in the Executive Branch."

Also, bureaucrats are "not appointed in principle" (this was acknowledged at a cabinet conference in 1967), and may "become secretaries if necessary" (per the First Ad-hoc Administrative Research Council). According to a decision made at a cabinet conference in 1977, the expression, in principle, was replaced as follows: "[bureaucrats are] excluded, except when they are considered as essential elements." Yet 37 councils still retain bureaucrats as their members.

The "Meteorological Council" has nine bureaucrats (the other 18 members are from the private sector); the "Geodesy Council eight (19 from the private sector); and the "Council on Industrial Location and Water Resources" 12 (24 from the private sector).

Their rosters list permanent vice ministers from all the ministries concerned. It seems that each of these ministries does not want to leave the matter to the discretion of the other ministries.

If participation by these ministries can solve the problems stemming from the so-called vertical structure, it will be alright. But it seems that their participation is due to their not wanting to destroy this very structure.

A minister serves as chairman in seven councils, of which four have the prime minister as chairman. The Atomic Energy Commission of the "Council for Development and Adjustment of Electric Power Resources" has the director of the Science and Technology Agency as chairman. However, as three of the other four members hold permanent positions, the organizational structure is similar to that of the Fair Trade Commission. It would be strange to name this organization as a council. Also, the commission submits a proposal once a month. The "Space Development Commission" also has the director of the Science and Technology Agency as chairman, and I am an adviser for it. I have no intention to go out there in space, but I have always thought that Japan allocates too little tax money to science.

The "Trade Council" and the "Council on National Land Development and Construction of Main Highways" each have 10 ministers, 13 Diet members, and up to eight academicians.

The "Legislative Council" has the justice minister as chairman.

Bureaucrats serve as chairman in two councils: the "Fair Board" (the Defense Agency) and the "Notary Public Selection Committee" (the Ministry of Justice).

Some councils have members from three different concerned parties so as to involve those with conflict of interests. A good example is the "Central Council on the Minimum Wage," which is represented by members in equal number from the labor, employers, and public interest groups. Likewise, the "Council for Building of Financial Assets for Workers" is represented by members in equal number from the workers and employers groups.

The "Automobile Accident Compensation and Liability Insurance Review Board" has never had members appointed ever since it came into existence in 1955. Naturally, it has never had a meeting.

They say that there has been no appeal of complaints against government decisions. They seem to be defending themselves by saying that there has been no waste of money, because no one has been in charge of the board, and no expenses have been incurred. But, a common sense approach would be to abolish it now, and create it later when needed. The reason why this cannot be done is that councils are established by law.

According to what I was told, in response to a proposal by the Ad-hoc Administrative Research Council, thirty people worked seven days a week for six months to revise the law so that government bureaus can be set up by cabinet order, not by law, making it easier to change organizational structures.

Since 1984, therefore, in principle, councils can be created by cabinet order, not by law. In reality, however, there are 71 councils set up by ordinance, and 146 by law. The latter is a overwhelming majority.

Bureaucratic 'Language'

When I first became a council member, I used to say humbly, "The only thing I can do is to write sentences that can be easily understood." But now, as I came to understand that the expression, "in principle," has such a significant meaning in this world, I have decided to act defiantly by saying that it is important to be a stickler for "language." This language issue is important also in achieving the transparency that is being sought currently, so as to get the administration and the public close together.

I still have the "Original Draft of the Interim Report" prepared three years ago by the Third Council on Administrative Reform. This document is the best reference source to study the language of officialdom. It is sealed with a red stamp, "For Members Use Only." It has a written note, "Deleted Passages Legible," meaning that instead of erasing the original text, correction and additions are inserted in the text. This kind of a document is normally discarded when the final draft is completed.

Three days after the first draft was completed on 23 September, revisions were inserted. Let me cite some examples.

The original text stated: "The central ministries and agencies should become purely organizations in charge of policy planning functions." Here, probably because someone said that the expression, "in charge of," was too strong, it was revised as follows: "[The central ministries and agencies] should become purely organizations with a main focus on policy planning functions."

Regarding the comprehensive adjustment function of the cabinet, the underlined expression in "to aim at enriching the function of providing aide and advice to the prime minister" was changed to "consider." Also, with regard to prevention of reckless creation of public corporations, "consider" was changed to "discuss."

Now, here is a question. Among the three verbs, "aim," "consider," and "discuss," which one is the strongest?

The correct answer, I was told, is "aim," "consider," "discuss," in this order. In other words, the series of corrections above robbed the strength from the original.

"To aim" means to do it! However, if they say they will do it, they will be in trouble if they fail to do so. So, they word it carefully by taking into account the possibility of their not being able to accomplish the task.

"To consider" is used when they can foresee an end result, but they do not want to commit themselves to it—it is like an insurance policy, just in case. In other words, they seem to be saying here that they will do almost nothing.

"To discuss" is used when they cannot foresee an end result, that is, when they do not want to be judged one way or the other.

As all these intricacies of expressions have been written elsewhere, I am not going to dig any deeper than this. But I have discovered recently that even pronunciations of words can be different sometimes. People in the administration carry out things according to the law. Therefore, they are sticklers for written words. But, as they often read out proposals and laws to check the accuracy, they pronounce words in a way that they can be understood by ear.

For example, they read the Japanese word "oyobi" as "kyuubi," or "tsugini ageru jiko ni kanshite" as "jini keigeru jiko ni sekishite."

As they recently made a decision to remove "na" from the kana, "nau," that used to be added to the Chinese character, "Gyou," for "to do," they read this decision as follows: "To change Gyounau to Gyouu." Consequently, they tend to read "sadameru" as "keimeru," "kakawaru" as "keiru," "motozuki" as "kizuki," and so on. All this is like cryptography.

However, one error in wording a law can cause a great problem. When it was discovered that punctuation marks were missing in a bill that was submitted to the Diet, this became a major issue, and the person in charge of printing the bill had to write a written apology.

A Lack of Common Sense Learned at a Meeting of the Group 'To Rectify the Vertical Structure'

From September 1992 to October 1993, I was a member of the so-called group "to rectify the vertical structure"—its formal name was "Establishment of an Administrative System That Enables Comprehensive Policy Development" of the Third Administrative Reform Council (led by Eiji Suzuki as chairman).

The group was to come up with some ways to correct the problems arising from the vertically structured administrative system. It planned to review the uniform hiring practice for civil service employees, integration of central ministries and agencies, decentralization of power, and the postal savings system. However, government officials rejected whatever proposals we came up with, showing no willingness to improve the system. I still remember the time when I blurted out, feeling so dejected, "Thanks to you all, I'm thinking about taking a nap this afternoon."

This Third Administrative Reform Council saw its bitter end when its plan to hold hearings on the restructuring of special-purpose corporations was rejected by ministries and agencies with support from zoku dietmen. I think the sudden death of Mr. Suzuki a year later was a death in a fit of anger.

The group "to rectify the vertical structure" was the first council for me to get involved in administrative reform.

Here, I would like to tell you a bit of the reason why I felt so "dejected."

For many years, it has been a laughing matter that regional civic halls have two sets of entrance ways and machine rooms, because they were constructed with subsidies from more than one ministry. The reason for this waste is that those providing subsidies do not consider the possibility of another building being attached to their buildings. Connecting two buildings together, for example, a children's center ends up with two sets of bathrooms, because the rule states that such a center must have its own bathroom. Also, as there is a rule pertaining to the minimum standard space size for each building, duplication of facilities occurs so as to avoid going below the standard size, even when some facilities from one building alone can be placed functionally for common use.

I have a document listing about 10 examples of eliminating this kind of duplication through "overall coordination." According to this document, two sets of entry ways and machine rooms were changed into one entry way and one machine room for common use in a "complex" that combined the Defense Agency's gymnasium and the Education Ministry's swimming pool. In attaching a civic hall under supervision of the Education Ministry to a children's hall under supervision of the Health and Welfare Ministry, the two entry ways were combined into one, and the halls, office rooms, bathrooms, and storage rooms were placed for common use. And, the list goes on, showing primary examples of "combinations" from April through December 1992. But all these are common sense "combinations" from April through December 1992. But, as all of these are common sense in the private sector, not worth reporting proudly as the "results of overall coordination," I scribbled off on the margin of the text, "What an accomplishment!"

Speaking of overall coordination, I would like to see some examples on the issue of foreign workers [in Japan], which has been tackled by 17 ministries and agencies with no solution in sight. What has been reported so far is insignificant.

What appalled me even more is the case of fire extinguishers, which are now required to be installed in a restaurant on a ship. On-board restaurants are defined as "floating structures," and are subject to the Building Standard Act (the Construction Ministry), the Ships Safety Act, the Harbor Act (the Transport Ministry), and the Quarantine Act (the Ministry of Home Affairs). Reportedly, therefore, these restaurants are now equipped with two kinds of fire extinguishers, one that satisfies the requirements of the Ships Safety Act, and the other that has passed inspection by the Japan Fire Prevention and Certification Association. I wonder why they do not try to correct this kind of situation by having some discussion. This is way beyond our common sense.

According to some bureaucrats, they "normally do not have joint discussions over ministerial ordinances." They seem to remain in conflict with each other. As they believe the ideas behind each set of installation requirements are all reasonable, they say, "We cannot choose one or the other." Again, I wrote "hopeless" on the margin.

The Conflict Among Government Offices Reaches the Underground

The case of constructing blocks for the blind is another example of the "vertically structured" administrative system. Facilities for use by the handicapped are being promoted by the Ministry of Health and Welfare in its "Model Projects To Create Livable Cities" and the Transport Ministry in its "Guidelines for Building Facilities at Public Transportation Terminals for the Handicapped," as well as by local municipalities independently.

All these efforts are wonderful by themselves. But the problem is that they are all constructing blocks for the blind with no coordination. When I compare the specifications set forth by the Architectural Institute of Japan, the Transport Ministry, the Construction Ministry (both the City Bureau and the Road Bureau), and the Japan Road Association, I find three different kinds of shape for a guiding block, and four kinds of a warning block that is to be laid in front of a pedestrian crossing. Color requirements also vary—"colors with high contrast," "yellow in principle," and "no specific requirement." There is no unified requirement for the size, either—30 cm to 40 cm square, or no set requirement.

As a proposal by the Third Administrative Reform Council urged some improvement, the Administrative Inspection Bureau of the Management and Coordination Agency was assigned to the job of "coordination, including correction of the problems arising from the vertically structured administration." However, the bureau says that it is still in a "review process."

As a case study for overall coordination in a much larger scale, a possible use of deep underground space was taken up as an agenda. During the midst of the bubble economy in 1990, when the high price of land made it impossible to build roads and to bury fiber optics cables underground, seven ministries jumped on an idea to create a space 50 meters underground where no property ownership rights exist. They competed against each other in drawing up legislative proposals: For example, the Ministry of Health and Welfare wanted to streamline their waterworks, the Ministry of Agriculture and Fisheries to create agricultural waterways, the Transport Ministry to build subways, the Ministry of Posts and Telecommunications to bury fiber optics cables, the Construction Ministry to build roads and railways, the Ministry of Home Affairs to create passages for evacuation and fire defense activities, and so on.

Led by the Cabinet Secretariat, section chiefs of these ministries held several meetings for coordination, but ended up with a series of difficult questions pertaining to such legal problems as ownership rights, usage rights, environmental measures, and so on. They were unable to coordinate subtle differences in opinions among the ministries. And, then, the bubble economy busted. As the agenda was not so urgent as an issue, they decided not to submit any legislative proposals.

Incidentally, I belonged to the Ministry of International Trade and Industry's "discussion group on the use of deep underground space." At the beginning, we were talking about building transformer substations, gas storage facilities, parking lots, and a research center. But, the discussion escalated to include blue prints for a tennis court and a concert hall. Although I love tennis, I finally screamed at them to "stop." I enjoy playing tennis when I can see the tennis ball against the blue sky. Also, I need not to mention the eeriness of being at a concert in some deep underground space.

In a sense, the busting of the bubble economy worked well to stop this, but in the end it became clear that even the Cabinet Secretariat cannot coordinate seven ministries opposed against each other. There is still a long way to go before "solving the problems of the vertical structure."

From now on, there will be more and more problems like geriatric diseases that affect several ministries at the same time. With their accumulated knowledge and skills, Japanese bureaucrats may have been excellent physicians in treating localized ailments in the past. But Japan's current ailments are systemic ones, requiring some kind of a system that can provide holistic diagnoses. That kind of an ability cannot be expected from bureaucrats. In this sense, I think councils have the reason to exist. Some people often say that as long as a council receives data from bureaucrats, it can never win. But winning is not necessary. As long as council members have an ability to grasp the social trend and the will of the people, they simply have to utilize bureaucrats, a group of professional technocrats.

A Noisy Minority in Deregulation

In the March issue, I mentioned a little about the Administrative Reform Committee, on which I am currently focusing most of my attention. This committee was created in December 1994 as a third-party organization to monitor closely the government's policies and measures. Its term is for three years. One of the tasks assigned to it is to monitor and give opinions on the government's deregulation measures as well as progress in other areas of administrative reform. Another task is to prepare an original draft for a long-awaited bill on disclosure of administrative information by the end of this year. As five members of the committee cannot handle all these tasks alone, 13 advisers (all civilians) were selected in April last year for the task relating to deregulation. They formed a subcommittee on deregulation, and began monitoring the "deregulation promotion plan," which was approved by the government at a cabinet-level meeting in March last year.

Regarding the issue of disclosure of administrative information, a group of legal professionals was formed in March. According to the schedule, it will issue an interim report in April.

This year, we also initiated a subcommittee to create new standards in determining division of labor between the private sector and the public sector. This is a new topic that came about as a result of discussion within the committee.

Therefore, the committee chooses its own agenda. This is one other element that differentiates this committee from other councils. Regarding the task of monitoring, the committee does not limit itself to 1,091 items in the "deregulation promotion plan"; from the standpoint of ferreting out other areas of reform that our citizens want, the committee also deals with other issues ranging from the size of the legal profession to the liquor tax—the latter has never been considered as a regulation before.

The committee had a meeting for three hours every week, and completed 27 such meetings. Advisers were in charge as lead investigators in holding hearings of groups concerned and discussions with ministries and agencies. In December, when we compiled our first report on monitoring (the first round of opinions), we had negotiations with various ministries and agencies till midnight to determine to what extent they would be able to deregulate. I think the average attendance of 70 percent was astronomical.

The first round of opinions quite strongly urges not only the government but also the private sector to eliminate regulative constraints. There are many practices that constrain competition in the private sector, such as "dango" [bid-rigging by collusion], cartels, conventional transaction methods, and business practices. There also exist some regulations where the private sector uses government authority. For example, in applying for an entry into an industry where the government is regulating new entries, the newcomer "must obtain consent from the existing business owners." This kind of regulation can be eliminated immediately if the private sector wants to do so.

Those with vested interests protected by regulations naturally oppose deregulation. Their voices are loud, manipulating the administration and politics so as to maintain such regulations. Such has been a usual pattern. The majority of opinions received via FAX by the Administrative Reform Committee are requests for safeguarding such vested interests. At a monthly "one-day administrative reform committee" meeting, those who want to keep regulations speak up desperately to make their points across, making me worry about the future.

As a result of being overruled by these noisy minority groups, the silent majority tends to forego better services, or to be forced to pay high prices. I want everyone to become aware of the fact that those who are protected by regulations are forcing the citizens to bear the burdens. Without support from the majority of the citizens, it is impossible to create a lively society.

Probably the reason why only the voices of those with vested interests are loud in opposing deregulation is that it is difficult to estimate the amount of losses from such regulations. In addition, administrators do not publicize those regulations that have been eased out.

The typical means of official regulations are permits and approvals. Whenever I look at various terms used for such permits and approvals, I am amazed at the depth of the Japanese language as a cultural means.

First is the A group, which contains the most restrictive terms. Describing the general status of prohibition with limited exceptions are such words as permit, authorization, license, sanction, designation, and consent.

The next is the B group. In granting a go-ahead after testing to see if an applicant satisfies a certain set of standards, the following words are used: approval, validation, attestation, certification, examination, inspection, verification, registration, and investigation.

Then comes the C group, the least restrictive one. Words used to let the government know of the fact only are notification, presentation, report, delivery, and declaration.

These 20 kinds of two Chinese-character pairs can differentiate the varied degrees of restrictions. At present, there are 10,000 cases of such restrictions. Deregulation has been pursued since the formation of the First Administrative Reform Council. But, the number of regulations is not necessarily diminishing, because some cases that used to be prohibited totally have been reinstated as cases that require permits.

The Bureaucracy That Does Not Publicize the Easing of Regulations

Many reports on deregulation by the government have been publicly issued. And, among 94 items reported as emergency economic measures in 1993 is the famous case of locally-brewed beer and introduction of the system of selling [as opposed to renting] portable telephones. In June 1994, 177 items were dealt with at once. Among them were repeal of the Parasites Prevention Act (I did not know that it was still in effect), changing the requirement for an annual registration of a dog to a one-time registration during the life time of a dog and notification at the time of its death, and repeal of the requirement to obtain a permit for changing the name of a ship.

Also, among 1,091 items reported last year was repeal of the requirement for the types and quantity of toilet bowls to be installed at a kindergarten.

In addition to these minor items (although major efforts were required to change the required number of times to register a dog to once in its life time—the people who dealt with this issue had to pay visits to zoku dietmen involved in health-care issues to explain about this proposed change), there are some changes that may greatly affect the people's lives. Examples of these are liberalization to permit wholesale prices of electricity and repeal of the Temporary Measures Act on Importing of Certain Oil Products. Both of these product items have big price gaps between here and abroad, about three times more expensive here than in the United states.

When the minimum cost of living is high, we can never live well. The high cost of energy in particular not only makes it difficult for individuals to make ends meet, but also affects all the industries in Japan.

When I was a member of the Agency of Natural Resources and Energy's comprehensive energy research subcommittee several years ago, people often talked about whether it could be made possible to sell electricity. But, as you will have to set up a supply system by taking into consideration the peak period in a fiercely hot summer, more facilities will be needed, leading to higher costs.

Electricity cannot be stored, and 60 percent of electricity is lost during transmission. But, if you install a gas-based, or heavy-oil-based, self-generator in a building, the loss can be reduced to 20 percent. Also, the heat from the self-generator can be used to heat rooms and water. This is called co-generation. However, even with this good system, if waste occurs, that is no good. But, if companies are allowed to sell their excess electricity, that will be good for electric power companies as well as for these other companies themselves.

Electricity has been monopolized by 10 regional electric power companies. Because of the lack of competition, they do not make business efforts, charging high prices. As people began to raise their voices, calling for introduction of competition, the "Electricity Enterprises Council" issued a proposal in December 1994, recommending repeal of the permit system for the electricity wholesale business so as to grant regular companies the freedom to generate and sell electricity. In response to this proposal, the Electricity Enterprises Act was revised in April 1995, and the revised law came into effect in December.

It was quite an epoch-making accomplishment. However, contrary to my expectation, it did not become the subject of a popular conversation. Once this new system gets going smoothly, it will be like adding new power plants for electric power companies, and it will also provide business opportunities for companies in oil refining, chemical, steel, paper and pulp, and other industries that want to sell their electricity. Of course, once the price of electricity becomes cheaper, the entire populace will benefit from it.

However, electric power companies need to be able to buy such electricity at prices lower than their costs of generating additional electricity by building new plants. They will be hard-pressed if some companies say that they will not be able to sell their electricity next year. So, they should be able to obtain guaranties for stable supply on a 10-year basis. Although there still remain many questions, including the ability of regular companies to provide such guaranties, we are certainly approaching a major crossroads.

Repeal of the Temporary Measures Act on Importing of Certain Oil Products means simply that it will become possible to import gasoline. The Act, which became a law with a time limit of 10 years, will expire in March. According to this law, only those oil companies with refineries can import oil products. However, beginning in April, trading companies or supermarkets can also import gasoline as long as they meet some requirements, including the obligation to store a certain amount of gasoline for emergencies. With an expectation that competition will intensify as inexpensive gasoline is imported from Korea and Singapore, bargain sales have already begun recently, putting the oil industry in a difficult position.

Following the oil shock of 1972, the MITI allowed the oil companies to charge high prices for gasoline because of its luxury item status, but requested kerosene and other oil products to be sold at low prices because they are daily necessities. As a result, the oil companies have to make profits from the sale of gasoline. But, because of the liberalization and lower prices, they are now fighting a life-or-death battle.

If left alone, the number of gas stations may decrease, making it inconvenient for users to get gas. The way to avoid this situation is to allow opening of "self-service stations," which will reduce personnel costs. But, as usual, the Fire Defense Agency is opposing this idea for "safety" reasons. The logic here is that it is dangerous to let amateurs handle gasoline.

In Europe and the United States, 70 to 80 percent of gas stations are self-service stations. I hope more people will raise their angry voices: Why are you telling us that we Japanese cannot do what Europeans and Americans can do? Please don't underestimate us.

When liberalization is implemented on the top of an existing condition that has been distorted by government regulations and haphazard protection, such distortion can get worse. Then, the need is there for those who implement policies to provide detailed explanations and to show new directions. Nothing can be more irresponsible than doing neither of these and promising to be nice to everyone. Or, it could be their intention to do things covertly by not publicizing it too much so as to avoid unreasonable criticisms later.

We Cannot Remain Silent Any More

Ever since the mass media reported widely on the "deregulation subcommittee's" first round of opinions at the end of last year, the government seems to have noticed the existence of the Administrative Reform Committee. So, I was called upon as a witness to a meeting of the special committee of the House of Councilors on promotion of decentralization and deregulation. Our committee chairman became ill and had to take a rest. Committee member Isamu Miyazaki, a successor to committee member Kazuo Takenaka, who resigned from his committee seat, could not attend the meeting because his membership had not been approved by the Diet, yet. Committee member Naoki Tanaka, deputy chairman of the committee, was not available because he was attending a symposium in Hokkaido. So, I had to attend the meeting.

Once date and time are determined by the Diet, they can never be changed, I was told. The power balance is definitely tilted toward the Diet. This should be a matter of course, because the Diet is the highest organ in national politics. I have nothing to complain as long as the Diet functions as a matter of course. At present, however, the root of all the delay in national affairs originates from the Diet.

Adviser Yoshio Suzuki, who accompanied me to the meeting, has been a master of administrative reform issues since Mr. Doko's time. So, I was to leave detailed discussions to him, and to report on the unique aspects of the Administrative Reform Committee and the deregulation subcommittee for 20 minutes. Late into the night before the meeting, I rewrote in my own words a written speech prepared by the executive office. As usual, the text written by a government official was very difficult. It began with the following statement: "First, I would like to pay my sincere respects to your Honors for dealing diligently with deregulation and decentralization issues on a daily basis." So, I asked the writer, "Do I have to say this?" He said, "You don't have to." So, I deleted the passage from the text. Also, I would never be able to say such a thing as "as has been duly informed."

The matter of my concern was the question-and-answer period, to which two hours and twenty minutes had been allocated. Questioners were two members from the Liberal Democratic Party with 60 minutes allocated for them; two from Heisei with 40 minutes; one from the Social Democratic Party with 20 minutes; the Japan Communist Party with 10 minutes; and Shinryoku with 10 minutes.

I went to the executive office at 11:30 AM for a premeeting discussion. I received a "list of reminders" that had been prepared by the executive office in consultation with the House of Councilors.

—Whenever you enter or leave the committee's room, bow to the committee chairman and other members. (I forgot to do this.)

—This time, both questioners and witnesses will speak while being seated. (I felt relieved by this informality.)

—Upon permission from the chairman, you do not have to speak at once. (I was not quite sure what this meant, so I asked. They said, if you have no idea how to answer a question, you can seek advice from someone from the executive office sitting behind you. This someone is called a "wall.")

—A witness cannot ask questions to committee members. (This is a famous rule of the Diet. But, unless such questioning is allowed, I do not believe we will be able to achieve vitalization of the Diet or political reform.)

—When a question is not clear as to its meaning, it is better to answer the question by saying, if the question is with regard to such and such.

It is awfully difficult to be a government official, was my impression.

I answered questions in my own usual style. A question was posed: "Do you think the people are worried because they cannot see how the future will be like after a painful implementation of deregulation?" I answered, "Isn't it a role of politicians to present such a future vision?" I even added, "If deliberations are carried out at the Diet, it won't be really necessary to have a council." Yet, I was not censured.

I have been a member of the Administrative Reform Committee, a unique council, for about one year now. I had a chance to appear before the Diet, and have been able to have a glimpse of the relationship between the government and the bureaucracy.

What is at issue now, including the AIDS Research Group and the "jusen" problem, is the "responsibility of bureaucrats." In conjunction with this responsibility, various councils play the role of decisionmaker, even if in form only. The reason why I listed the names of those councils that had been unheard of is that I believe it important to "know."

Draw them to your side, but keep them uninformed, has been a usual practice in the past. But, at this time and age, if you have the will to know, you can change almost anything. To make it possible as a system, the Administrative Procedures Act was enacted three years ago. Also, an administrative information disclosure bill is being prepared, and an interim report on this effort is scheduled to be issued in April.

Even when all these means to an end are provided, they will prove to be meaningless if we choose to use the traditional, less offensive way of doing things, rather than to have transparent negotiations by using these new means.

Knowing that it is natural to have conflicting opinions, I would like to create a climate for discussions. However, I want these discussions to be objective, logical, and constructive at the least. We should not get bogged down with emotionalism and jealousy. Beating people down will not produce anything.

The political circles seem to be riding on the trend of the day to beat down bureaucrats. But, what is hoped for now from politicians is a leadership in making policies. I hate to see them mistake it as a leadership to leave everything important to bureaucrats, and to show up just to criticize on procedural matters. So long as they are trying to become ministers by taking turns, I do not think they will be able to cultivate an ability to come up with policy ideas.

Then, the only professional group is bureaucrats. The main question here is who will monitor them. My answer is that the citizens, including councils, must monitor them.

Whenever some change in policy is suggested, we must demand explanations until we understand it. We should not remain silent. Being corporate executives or workers, we are all living human beings. Although we live as both private individuals and parts of some organizations, I think we should look at things a little more from the viewpoint of private individuals. Then, it will not be absolutely necessary to pick members "representing private individuals" for councils.

It is no longer the time to oppose each other, or to beat up each other. Now is the time to find common grounds so as to generate ideas to get out of the current stalemate.

North Korea

DPRK: U.S. Remarks on 'Unpredictable' Korean Situation Denounced

SK0608134296 Pyongyang Korean Central Broadcasting Network in Korean
1220 GMT 6 Aug 96

[FBIS Translated Text] According to a report, U.S. bellicose forces [miguk hojon seryok] are continuing to loudly talk about the unpredictable situation [yechukhalsu omnun satae] on the Korean peninsula and about countermeasures in this regard.

This was revealed by sophisms presented in an article by former U.S. Assistant Secretary of Defense Nye, which were carried in the 1 August edition of the Japanese newspaper NIHON KEIZAI SHIMBUN.

While describing the Japan-U.S. joint security declaration as aimed at regional security, he said the greatest threat in East Asia at present was the unpredictable situation on the Korean peninsula.

Moreover, even imagining a war on the Korean peninsula, he emphasized preparations for coping with a crisis, including the use of bases in Japan by the U.S. armed forces; Japan's supply of fuel, parts, and ammunitions to the U.S. armed forces; and the treatment of wounded U.S. soldiers in Japanese hospitals.

This shows that the U.S. bellicose forces are attempting to continually spread the theory of a fictitious threat from North Korea in order to make it an established fact, and on the pretext of such threats, are scheming to further intensify their war maneuvers against our country and to undisguisedly achieve a criminal military conspiracy and collusion [pomjechogin kunsachogin kongmo kyoltak] with Japan.

DPRK: ROK Large-Scale Landing Exercise Denounced

SK0308053896 Pyongyang KCNA in English
0231 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — The "civilian"-veiled warmaniacs carried out another large-scale joint coastal landing exercise of the puppet army, navy and air force in the west coast of Korea on August 1, the Seoul-based radio no. 1 said.

On the plea of "crushing the enemy's surprise attack beforehand", the puppets have mobilized large aggression forces including the notorious "Chongnyong" unit of the puppet navy in the joint exercise on the ground and in the sky and sea, which was said to have displayed the "might of perfect landing operation."

This is no more than a fire gamble of the frenzied traitorous Kim Yong-sam clique to find a way out of the crisis in provoking a war against the North, while making a show of power, upset by the North's might.

DPRK: ROK Condemned for 'Provocative' War Exercises

SK0508130996 Pyongyang Korean Central Broadcasting Network in Korean
0854 GMT 5 Aug 96

[Commentary from 5 August NODONG SINMUN: "Intentional Playing With Fire by the Enemies of Reunification"]

[FBIS Translated Text] The South Korean warmaniacs have recently reeked of gunpowder more strongly than ever before.

On 1 August, the Kim Yong-sam group staged another large joint coastal landing exercise by the puppet Army, Air Force, and Navy in areas along the west coast.

That day, the warmaniacs brought numerous puppet armed forces, including the notorious Chongyong [Blue Dragon] unit of the puppet Navy, and ran amok with a war frenzy by firing rifles and guns all day long on the land, on the sea, and in the air. After this playing with fire, they engaged in gibberish about displaying a perfect ability in landing operations.

The puppets are staging provocative playing with fire every day with the aim of a northward invasion, all the while fooling themselves. We can never remain onlookers [susu panggwan haulsu optta] to the puppets' dangerous acts and remarks.

What is even more ridiculous is that the puppets propagandized that their recent coastal landing exercise was aimed at blocking someone else's surprise attack.

We have already put forward an epoch-making proposal for concluding a tentative agreement between the DPRK and the United States in order to eliminate the danger of a sudden armed clash [tolbalchogin mujang chungdolgwa] and war on the Korean peninsula, and to ensure peace. By making the proposal for designating this year as the year of peace and great national unity, we are making sincere efforts to achieve this. It is clear to everyone that such peace efforts cannot indicate a surprise attack.

It is none other than bellicose forces in the U.S. military [hojonchogin migunbu seryok] and the South Korean puppets who bring the danger of war to the Korean peninsula and aim at a chance of a surprise attack.

The Kim Yong-sam group is not only accelerating the arms buildup in collusion with outside forces, but is also staging exercises of a northward war of aggression, one after another, nearly every day.

A few days ago, the puppets staged a large joint landing operation along the east coast. One need not stage a landing operation for the sake of defense. The fact that landings are a typical offensive operation to attack the opponent's coast from the sea and to sneak onto the land is a common basic military knowledge. This is specified even in the military manual of the puppet army.

The puppets' act of putting a label of defensive training on landing operations is merely a smokescreen intended to conceal their intention for a northward invasion. We should also pay attention to the fact that the puppets' playing with fire this time was kicked off in advance of the 15 August pannational rally.

It is the unanimous will and wish of all fellow countrymen to splendidly hold the seventh pannational rally, which is scheduled to be held in Seoul on the occasion of this 15 August, as a common national rally where all reunification forces at home and abroad will jointly participate.

The South's promotion committee for the seventh pannational rally was recently formed in Seoul, and the declaration of its formation was announced. The committee also formally requested that compatriots in the North, South, and overseas participate in the Seoul rally.

The fact that the puppets staged a joint landing exercise by the puppet Army, Navy, and Air Force as soon as August arrived is part of the premeditated and preplanned maneuvers to throw a wet blanket on the nation's aspiration for reunification, which more fiercely blazes on the occasion of 15 August, and to block the seventh pannational rally to be held in Seoul.

By sounding more loudly the report of guns and rifles in exercises for a northward war of aggression, the puppets are scheming to threaten the reunification democratic forces and to smash the rally of national reconciliation and unity that is called the pannational rally.

The Kim Yong-sam group is a vicious enemy and warmonger that opposes national reconciliation, national unity, and reunification. What will be brought before the Kim Yong-sam group is the stern judgment of history and its own ruin.

If the South Korean puppets do not want to face the pitiful situation of a mayfly, they should immediately stop the provocative exercise of a northward war of aggression. They should act with discretion.

DPRK: ROK 'Adventurous Military Movement' Denounced

SK0608085196 Pyongyang KCNA in English 0837 GMT 6 Aug 96

["Adventurous Military Movement Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 6 (KCNA) — The landing exercise of the puppet army three services of South Korea on the west coast in the wake of a landing exercise on the east coast is an adventurous military action to round off the preparations for war against the north, says MINJU CHOSON in a signed commentary today.

The daily notes:

The South Korean puppets' frantic large-scale landing operation exercises for invading the North are intentional and premeditated provocations to further aggravate the inter-Korean confrontation and render the situation on the Korean peninsula to a more dangerous brink of war.

These unprecedented exercises staged by the puppets show that their plan for operations to invade the North is in the final stage. This proves that the Kim Yong-sam group are leading the situation of the country to the brink of war, seeking a way out of their hopeless status in provoking a war against the North.

We warn the Kim Yong-sam bellicose group once again to cool their heads heated with war fever and act with discretion.

DPRK: ROK Union's Call for Revised Labor Law Reported

SK0308054596 Pyongyang KCNA in English 0239 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — The National Federation of Democratic Trade Unions of South Korea on July 31 demanded the labor relations law be revised, the Seoul-based Radio No. 1 reported.

The federation asked the "Labor-Management Relations Reform Committee" to meet its demands including guarantee of political activities of trade unions and lifting of the provision banning the interference of a third party.

The federation warned that if the authorities concerned fail to meet the demands, it would call a general strike.

DPRK Paper Denounces Prison Terms for ROK Students

SK0308054496 Pyongyang KCNA in English 0238 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — MINJU CHOSON today denounces the Kim Yong-sam fascist clique for sentencing to prison terms students Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of University Student Councils (Hanchongnyon).

They, called "birds of hope for reunification", visited Pyongyang last year to participate in the grand national reunification festival held to mark the 50th anniversary of Korea's liberation from the Japanese imperialist colonial rule and conducted just activities for early realisation of the desire of the nation for reunification.

The news analyst further says:

The puppets are charging that they visited the northern half of Korea without their permission. This is preposterous. It is quite natural that the fellow countrymen in the North and South of Korea make free contacts and visits for the reunification of the country. Therefore, it is not a matter to be permitted by someone.

The puppets took issue with the woman students' support to the north's proposal for reunification by confederacy formula, which betrays their true colors as those who want neither reunification nor dialogue.

The Kim Yong-sam group should withdraw prison terms of the reunification champions and set them free at once.

If they continue suppressing "Hanchongnyon" and patriotic-minded students, it will invite bitterer condemnation and curses from the whole nation.

DPRK: Pomminnyon Forms South Headquarters for Pannational Rally

SK0308054996 Pyongyang KCNA in English 0243 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — The South headquarters of the National Alliance for the Country's Reunification (Pomminnyon) reportedly issued a declaration after it inaugurated the South headquarters for the promotion of the seventh Pan-National Rally (PNR) on July 30.

The declaration said:

Though the cold war has come to an end, the United States still creates a grave situation with military actions against the DPRK and does not respond to its proposal for a peace agreement.

In South Korea people are under strict watch little different from "martial law." Unless the Kim Yong-sam regime is removed, independence, reunification and minimum welfare and rights of the people can never be expected.

The Kim Yong-sam regime's scheme to prolong its "government" is now expressed as total repression of the August struggle for reunification. The seventh Pan-National Rally should be defended with the people's efforts.

It is Pomminnyon and the PNR that have trained numerous reunification champions and most reliably guarantee the building of a unified, confederal state. The seventh PNR will be held in Seoul successfully this year, reflecting the unanimous desire of the 70 million Koreans.

To this end, the South headquarters of Pomminnyon will officially ask for the participation of North and overseas Koreans in the Seoul rally and fight to realise it.

DPRK: Group Urges ROK To Admit Delegates to Pannational Rally

SK0308053496 Pyongyang KCNA in English 0229 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — We vehemently urge the South Korean authorities to admit overseas delegates to the seventh pan-national rally into Seoul and fully ensure their safety and freedom of activities.

The overseas headquarters of the National Alliance for the Country's Reunification (Pomminnyon) said this in a statement released on August 1.

The statement pointed out that the headquarters has actively pressed ahead with preparations for the rally to be held in Seoul on August 15 as a joint rally of the nation in accordance with the resolution of the fourth joint presidium meeting of Pomminnyon.

The statement voiced full support and welcome to the request of the South headquarters for the promotion of the seventh pan-national rally for participation in the rally to be held in Seoul as well as the decision of the North preparatory committee on successfully convening the rally.

It stressed that overseas delegates would be sent to the Seoul rally.

DPRK: ROK Repression Against Pro-Reunification Activists Decried

SK0208223896 Pyongyang KCNA in English 0902 GMT 2 Aug 96

[FBIS Transcribed Text] Pyongyang, August 2 (KCNA) — The South Korean rulers must clearly know that if they persistently resort to indiscriminate fascist repression of pro-reunification patriots and aggravate the North-South confrontation, it will precipitate their own destruction, warns the spokesman of the Committee for the Peaceful Reunification of the Fatherland in a statement issued today.

The statement says:

The South Korean rulers arrested Yi Sung-hwan, vice-chairman of the South Korean Council of Democratic Youth Organizations, in mid- July on charges of violating the notorious "National Security Law" for the mere reason that he met northerners abroad to discuss the issue of co-sponsoring the August 15 pro-reunification events this year and draft an agreement calling for the U.S. troop pullout and Korea's reunification through confederacy. On July 29, they arrested Cho Song-u, chairman of the Policy Committee of the National Congress for Independent and Peaceful Reunification, on charges of manipulating the contact behind the scenes.

This is patent proof that they dislike North-South reconciliation and national reunification and totally refuse North-South dialogue, though they pay lip service to it.

We bitterly denounce the South Korean authorities' reckless fascist repression in the name of the entire nation, branding it as a downright challenge to the nation's desire for reunification and an unpardonable anti-national, anti-reunification crime aimed at stifling the pro-reunification patriotic forces of South Korea.

There can be no illusion about and expectation from the Kim Yong-sam regime. They are mistaken if they think they can bind the people's desire for reunification with fetters.

The patriots and other people of South Korea who fight for national reunification will never yield to the separatists' crackdown but will fight more courageously to accomplish national reunification.

The South Korean authorities must clearly see the nation's unshakable will and resolution for reunification, act with discretion, release the unreasonably arrested reunification champions and patriotic students unconditionally and immediately and scrap the anti-reunification, anti-national fascist "National Security Law."

DPRK Paper Denounces Kim Yong-sam for Blocking Rally Plans

SK0408060096 Pyongyang KCNA in English 0502 GMT 4 Aug 96

[FBIS Transcribed Text] Pyongyang, August 4 (KCNA) — The Kim Yong-sam group, a few days ago, arrested Cho Song-u, chairman of the policy committee of the National Congress for Independent and Peaceful Reunification in South Korea, for the reason that he sent persons of the South for contact with officials from the North abroad some time ago without the authorities' "permission" and "manipulated" them behind the scenes to work out an agreement calling for reunification through confederacy and withdrawal of U.S. forces from South Korea.

Branding this as an unpardonable criminal act challenging the ever-growing ardent desire of all the fellow countrymen for reunification on the threshold of the seventh pan-national rally [PNR], MINJU CHOSON says in a signed commentary today:

The activities of the persons in the South for the PNR reflect the unanimous aspiration and desire of all the fellow countrymen, are very righteous and cannot be a target of suppression in any case.

This notwithstanding, the Kim Yong-sam group took Cho Song-u to prison and, thus, revealed their criminal moves to throw a wet blanket over the ardent desire of the fellow countrymen for reunification and frustrate the seventh PNR.

This fascist violence is part of the systematic schemings to emasculate the organisations active in South Korea to promote national reconciliation and unity and achieve peaceful reunification of the country and their members.

Owing to the ruthless sword-brandishing of the Kim Yong-sam group against the pro-reunification democratic forces, obstacles are being laid in the way of the seventh PNR in which people from the North, South and abroad will meet and demonstrate the strength of national unity.

The South Korean people will never pardon the criminal moves of the Kim Yong-sam group to block the Seoul PNR at the point of the bayonet. No sword-brandishing can block the vigorous march of all the fellow countrymen for reunification.

DPRK: ROK Daily Article Cited on Comfort Women Issue

SK0408060596 Pyongyang KCNA in English 0450 GMT 4 Aug 96

[FBIS Transcribed Text] Pyongyang, August 4 (KCNA) — Yun Mi-hyang, director of the South Korean Council of Measures for Volunteers Corps Problem, contributed an article to the HANGYORE SINMUN newspaper, rejecting the deceptive "national fund" of Japan.

The article said:

Former "comfort women" and nongovernmental organisations refuse to accept the "national fund." It is because the Japanese Government does not admit the "comfort women" issue as an inhumane war crime and distorts the truth of the crime by shifting the responsibility for legal compensation on to the people.

The scheme to gloss over the issue by offering some money to former "comfort women" is an insult to the survivors and another violation of human rights.

The Japanese Government must admit its crime against "comfort women," open relevant data to the public and make state compensation and apology.

DPRK: ROK Signature Campaign Against Corruption Reported

SK0408060796 Pyongyang KCNA in English 0448 GMT 4 Aug 96

[FBIS Transcribed Text] Pyongyang, August 4 (KCNA) — The Civic Solidarity Organisation for Democratic Society and Human Rights recently launched a million-signature campaign with due ceremony in Seoul, calling for the enactment of legislation against institutional irregularities in society, a South Korean newspaper reported.

The ceremony participants said the enactment of a "law against corruption" is a unanimous demand of the people, adding that they would urge the "National Assembly" opening in September to enact the law to prevent irregularities deeply rooted in South Korean society.

The campaign is conducted mostly in Seoul every Tuesday.

DPRK: Russian Premier Sends Kang Message on Flood Damage

SK0608032096 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 6 Aug 96

[FBIS Translated Text] Comrade Kang Song-san, premier of the Administration Council, received a message of sympathy from Russian Federation Prime Minister Chernomyrdin.

In the name of the Russian people and government, the message expressed sincere condolences to the families and relatives of the deceased and sympathy to the victims regarding the human damages and the large material loss from the flooding in the southern regions of the DPRK.

DPRK: People's 'Deep-Rooted Grudge' Against Japan Noted

SK0308054196 Pyongyang KCNA in English 0234 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — Japan can never evade the settlement of its past, says NODONG SINMUN again in a commentary today.

We do not want to argue about the normalization of DPRK- Japan ties because the Japanese authorities have despicably raised the resumption of inter-Korean dialogue and "four-way talks" as "preconditions" for it, the daily says, and continues:

For us, whether diplomatic ties are opened between the two countries or not does not matter.

But what we want to make clear again is that the settlement of the past is a matter Japan should do without fail.

Japan cannot rid itself of its historical responsibility and legal obligation for its past crimes against our people.

With no trick, can the Japanese authorities flee from the responsibility and obligation.

If they continue trying to avoid or delay the settlement of the past under the pretext of the improvement of the bilateral relations, Japan will invite bitterer public denunciation as an immoral, inhumane and conscienceless country.

Our people have a deep-rooted grudge against the Japanese imperialists.

As long as Japan refuses to settle its past, our grudge will persist and we will continue trying to make Japan pay for the crimes perpetrated by the Japanese imperialists.

DPRK: Japanese Official on DPRK Flood Damages, Normalizing Ties

SK0608012196 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 5 Aug 96

[FBIS Translated Text] Takero Obara, chairman of the Iwate Prefectural Assembly, recently sent a letter of request to the Japanese prime minister, foreign minister, and director general of the general affairs agency regarding flood damages in the DPRK and the issue of normalizing Japan-DPRK diplomatic relations.

Noting that the Iwate Prefectural Assembly delegation had directly witnessed the flood damage situation while visiting the DPRK for discussions on normalizing Japan-DPRK friendship and diplomatic relations, the letter of request asked the Japanese Government to provide the DPRK with active support and food from a humanitarian standpoint, so that restoration work may be carried out quickly.

Touching on the issue of normalizing Japan-DPRK diplomatic relations, the letter of request asked that negotiations be resumed with the occasion of flood assistance based on the three-party joint declaration on Japan-DPRK relations adopted in September 1990, and that diplomatic relations be established as soon as possible through negotiations between the two countries of Japan and the DPRK.

DPRK: Japanese Group Supports Independent, Peaceful Reunification

SK0508094996 Pyongyang KCNA in English 0938 GMT 5 Aug 96

[FBIS Transcribed Text] Pyongyang, August 5 (KCNA) — A delegation of the Chosho, Nagano Prefecture, Japan, Society for Support to the Independent and Peaceful Reunification of Korea issued a statement recently.

The statement noted that during its stay in Korea the delegation had witnessed at first hand the Korean people struggling for the accomplishment of their style socialism and national reunification, rallied closer around his excellency the Great Leader Kim Chong-il.

It said:

The pressing issue between Japan and the DPRK is for Japan to make an apology and compensation for the loss upon the Korean people, on the basis of the three-party joint declaration, and for Japan Government to ensure human rights, national rights and legal status of Korean residents in Japan with sincerity and help achieve reunification of Korea at an early date in accordance with the three principles the North and the South of Korea agreed upon and declared and with the proposal for founding the Democratic Confederal Republic of Koryo.

DPRK Paper Denounces Japan's Talk of 'Joint Military System'

SK0508041496 Pyongyang KCNA in English 0320 GMT 5 Aug 96

[FBIS Transcribed Text] Pyongyang, August 5 (KCNA) — The Japanese reactionaries are openly prattling that they would readily revise the constitution for the involvement of Japan in "establishing a new joint military system".

Branding their utterances as a vicious artifice to remove a bothersome legal device prohibiting military activities abroad, a news analyst of NODONG SINMUN today says:

The Japanese reactionaries are now vociferating about establishment of a new "joint military system" and "standing force" in Asia, motivated by a sinister design.

From the legal point of view, Japan is not allowed to conduct military activities abroad. This is why the Japanese reactionaries are trying to find a legitimate pretext for justifying Japan's military activities abroad at any cost and hold the military initiative in Asia.

This is the main purpose to establish a Japan-led "joint military system" and involve the "Self-Defense Forces" in its standing force.

They intend to attain their wild ambition by means of establishing a military domination over Asia. To this end they are now crying for "coping with emergency around Japan."

The Japanese militaristic forces seek to start their reinvasion of Asia in Korea.

Therefore, they are trying to make an opportunity of reinvasion of Korea under the pretext of "unstable situation on the Korean peninsula." Having stepped up preparations for reinvasion of Korea, they are now attempting to put it into practice.

DPRK: Hwang Chang-yop Meets With Mongolian Delegation

SK0208051096 Pyongyang KCNA in English 0425 GMT 2 Aug 96

[FBIS Transcribed Text] Pyongyang, August 2 (KCNA) — Secretary of the Workers' Party of Korea Central Committee Hwang Chang-yop Thursday met and had a cordial talks with the delegation of the Federation of Peace and Friendship Organizations of Mongolia led by its General Secretary D. Bilegt.

On hand were Chon Yon-ok, vice-chairwoman of the Committee for Cultural Relations with Foreign Countries and Mongolian Ambassador to Korea [word indistinct] Byambaa.

The general secretary said the friendship between the two peoples of [words indistinct] will be invariable in the future, too.

Noting the death of President Kim Il-song, the respected leader of the Democratic People's Republic of Korea, caused much sorrow not only to the Koreans but to the Mongolians, he said he is convinced that the great leader Comrade Kim Chong-il would further glorify Korea true to the last instructions of the great president.

DPRK: Brazilian National Congressional Delegation Arrives

SK0308100396 Pyongyang KCNA in English 0910 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — A delegation of Brazilian National Congressmen from different parties led by Valdir Colato [spelling of name as received], member of the National Executive Committee of the Brazilian Democratic Movement and member of the Chamber of Deputies, arrived here today.

The delegation was met at the airport by secretary of the Central Committee of the Workers' Party of Korea Hwang Chang-yop and Vice Department Director of the WPK Central Committee Chi Chae-yong.

DPRK: WPK Holds Talks With Visiting Brazilian Delegation

SK0508033796 Pyongyang KCNA in English 0248 GMT 5 Aug 96

[FBIS Transcribed Text] Pyongyang, August 5 (KCNA) — Talks were held here on Sunday between the delegations of the Workers' Party of Korea [WPK] and the Brazilian national congressmen from different parties.

At the talks the two sides discussed the matter of further strengthening and developing the friendly relations between the parties and the two countries and a series of matters of mutual concern.

Present at the talks on the WPK side were Hwang Chang-yop, secretary of the WPK Central Committee, Chi Chae-yong, vice department director of the WPK Central Committee, and other officials concerned and on the opposite side were the members of the delegation led by Valdir Colato, member of the national executive committee of the Brazilian Democratic Movement and member of the Chamber of Deputies.

The talks took place in a friendly atmosphere.

DPRK: WPK Hosts Party for Visiting Brazilian Congressmen

SK0508042096 Pyongyang KCNA in English 0317 GMT 5 Aug 96

[FBIS Transcribed Text] Pyongyang, August 5 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] gave a party in honour of the delegation of national congressmen from different political parties of Brazil on August 4.

Addressing the party, Hwang Chang-yop, secretary of the WPK Central Committee, said that it is for the first time that a big delegation consisting of well-reputed congressmen from different political parties and other figures from political parties and organisations of Brazil visited Korea.

He further said:

"We always have a good feeling toward the Federal Republic of Brazil and its people. Your national pride and success are widely introduced to our people.

"I wish you, high-ranking political activists, success in your future work for dignity, sovereignty and economic prosperity of Brazil."

Member of the national executive committee of the Brazilian Democratic Movement and member of the Chamber of Deputies Valdir Colato, who is leading the delegation, said in his speech:

"The Korean people have fought for the country's independence and to model the whole society on the chuche idea under the wise leadership of the great leader Comrade Kim Il-song and the Workers' Party of Korea. We are deeply moved by this.

"I am convinced that state relations between the two countries will be established in the near future and we all should make effort for this.

"I believe that the effort made by Comrade Kim Il-song in his lifetime for Korea's reunification will be put into practice without fail.

"The day will surely come when under the wise guidance of the great leader Comrade Kim Chong-il the Korean people will reunify the country and enjoy the greatest happiness. This is what Brazil and the world wish and this is necessary for friendly relations among peoples.

"In Korea we learned a great experience made in the struggle to defend independence and create the people's happiness."

DPRK: Yang Hyong-sop Congratulates Colombian Parliamentarians

SK0308100996 Pyongyang KCNA in English
0831 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly, sent messages of greetings to Luis Fernando Londono and Giovanni Lamboglia [spelling of names as received] upon their election as presidents of the Senate and the House of Representatives of Colombia.

The messages expressed the belief that the friendly and cooperative relations between the two countries, the two peoples and the two parliaments that have developed on good terms on the principle of independence and non-alignment will be further strengthened and developed.

The messages wished them greater success in their responsible work.

DPRK: WPK Sends Greetings to Mexican Workers Party Congress

SK0308100696 Pyongyang KCNA in English
0830 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] sent a message of greetings to the 3rd Congress of the Mexican Workers' Party on August 2.

The message expressed the belief that the congress will be an important occasion in the struggle to defend the socialist cause and to strengthen and develop the party.

The message said that the excellent friendly relations between the two parties would continue to strengthen and develop in the joint struggle for independence against imperialism and for socialism and wished great success to the congress.

DPRK: Yang Hyong-sop Sends Greetings to Peru Congress Head

SK0308105996 Pyongyang KCNA in English
0953 GMT 3 Aug 96

[FBIS Transcribed Text] Pyongyang, August 3 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly [SPA], sent a message of greetings to Victor Joy Way Rojas [spelling of name as received] upon his election as chairman of the Congress of Peru.

The message said that through his visit to Peru some time ago, the SPA chairman could reaffirm the good relations of friendship and cooperation between the Supreme People's Assembly of the Democratic People's Republic of Korea and the Congress of Peru.

It wished the congress and its chairman greater success in their responsible work for the country's prosperity and social stability.

DPRK: Legends About Kim Chong-il's Childhood Discussed

SK0308021496 Pyongyang Korean Central Broadcasting Network in Korean
2235 GMT 1 Aug 96

[Talk show "The Prodigy Sent By Heaven," featuring Kim Hui-kyong, member of the Korean Writers Union; Pom Tae-won, department chief of the Kim Chol-chu Teachers College; Ho Hui-kyong from the Changgwang Kindergarten; and an unidentified station reporter]

[FBIS Summary] In the 25-minute talk show, speakers talk about legends about the childhood of Kim Chong-il. In the spring of 1946 in Moranbong, a crowd gathered around an old man, who was telling an interesting story of a general who had defeated the Japanese in 1592. The old man stopped talking, trying to remember the name of the Japanese general, and a little boy whispered the name in the old man's ear so that he could continue the story. The old man believed the boy was "the noble man of Mt. Paektu."

One night in 1942, the year Kim Chong-il was born, a new star rose next to the star general above Mt. Paektu. Then, it rained and stormed for 11 days, and cleared up on the 12th day. Three men decided to go up to the crater lake on Mt. Paektu to check the weather. On their way up, all three men fell asleep and dreamed the same dream. In their dream, an old man emerged from the bubbling crater lake and told the three men that the country would be liberated after three years, and a noble man of Mt. Paektu would appear.

One day during the fatherland liberation war, Kim Il-song was returning to Pyongyang from a battle near

Naktong River when he stopped for lunch in Musugol, the village of no water. The soldier in charge of cooking could not find any water for cooking, but remembered that Kim Chong-il had asked him to pick some pine cones for him. The soldier found a big pine cone and tried to pick it, but the cone fell and rolled, leading the soldier to a fountain.

When Kim Chong-il was living in Yangdok County, he enjoyed war games. Kim Chong-il always beat the opposing team, whose leader was five years older than he. The opposing leader, whose name was Oksae, finally decided to become a subordinate of Kim Chong-il. One day, Oksae's mother was sick, and the doctor said she would be in bed for three months and that there was no cure except for a crow. Oksae tried to catch a crow with his sling shot. When he failed, he took Kim Chong-il's sling shot and tried again, but could not catch a crow until sunset. Kim Chong-il took the sling shot and caught 10 crows in a flash. Oksae's mother recovered the next day, after eating the crows.

DPRK: VNS Cited on ROK Writer's Praising Kim Chong-il

SK0208223796 Pyongyang KCNA in English 0823 GMT 2 Aug 96

[FBIS Transcribed Text] Pyongyang, August 2 (KCNA) — A free- lancer of South Korea, Choe Yong-min, published an article titled "Image of Love," the Seoul-based Radio Voice of National Salvation [VNS] reported.

The article said among other things:

Upon hearing the news that Yi In-mo, who is known at home and abroad as the "incarnation of faith and will," has been to the United States recently for medical treatment, I felt national pride and saw the great image of the leader Kim Chong-il in this peculiar event.

His virtues contain noble human approach that can never be seen in human history. His love carries omnipotent and inexhaustible strength.

Yi In-mo's treatment in New York clearly showed that a dying man can revive and regain youthful vigour in the society under true love. The leader Kim Chong-il is indeed a great saint and father of love who has magnanimity and noble virtues.

Yi In-mo could receive medical treatment in the United States thanks to the favours of the leader Kim Chong-il. Through this event, I can see the fortune of numerous unconverted long-term prisoners in this land and of all our people.

Although we live in South Korea, we are under the loving care of the great leader Kim Chong-il. I can fully understand why the northern people firmly trust and follow him as the sun in the sky and the father of love.

DPRK: Japanese Delegation Sends Kim Chong-il Flowers

SK0408060896 Pyongyang KCNA in English 0446 GMT 4 Aug 96

[FBIS Transcribed Text] Pyongyang, August 4 (KCNA) — The great leader Comrade Kim Chong-il received a floral basket from the Japanese delegation for the study of the chuche idea on a visit to Korea.

Shuhachi Inoue, general head of the delegation who is the director general of the International Institute of the Chuche Idea, and Seiichi Sakugawa, head of the first delegation, asked secretary Hwang Chang-yop of the Workers' Party of Korea Central Committee to convey the floral basket on Saturday.

DPRK: Kim Chong-il Thanks People for Helping Soldiers

SK0408061196. Pyongyang KCNA in English 0444 GMT 4 Aug 96

[FBIS Transcribed Text] Pyongyang, August 4 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to the Cha Chol-ho Management Office, the External Service Bureau of the Administration Council, the Pyongyang Children's Clothes Factory, the Munchon City Food Administration Office in Kangwon Province, An Song-ok of the Songdowon Store of the Hyangsan Guidance Bureau, a farmer Pak Hun of the Kupo Cooperative Farm in Chonnae County, Kangwon Province, a worker Yi Hye-yong of Pyongyang Koryo Hotel and other units, officials and working people for their active assistance to the People's Army soldiers involved in the construction of the Kumgangsan power station.

DPRK: Mongolia-Korea Friendship Group Sends Kim Chong-il Gift

SK0508032796 Pyongyang KCNA in English 0240 GMT 5 Aug 96

[FBIS Transcribed Text] Pyongyang, August 5 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the Mongolia-Korea Friendship Association.

The gift was conveyed to Hwang Chang-yop, secretary of the C.C. [Central Committee], the Workers' Party of Korea.

DPRK: Kim Chong-il Thanks Railway Workers, Others

SK0508032496 Pyongyang KCNA in English
0242 GMT 5 Aug 96

[FBIS Transcribed Text] Pyongyang, August 5 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to the engine drivers who have distinguished themselves in railway transport.

They are Yi Sam-ho of the Kowon Electric Locomotive Corps, Yi Yun-chae of the West Pyongyang Locomotive Corps, Om Song-kun and Yi Song-yon of the Tanchon Youth Electric Locomotive Corps, and Yi Kap-un, Choe Yong-hwan and Pak Chan-ha of the Chongjin Locomotive Corps.

He also extended thanks to a worker Kim Hak-chon at the Cho Hyok-chol Enterprise and his wife O Kwang-sok, and a worker Kim In-pok at the Pyongsong Department Store, for their sincere assistance to the People's Army.

DPRK: Unity Around Leader 'Guarantee' for Reunification

SK0208223396 Pyongyang KCNA in English
0820 GMT 2 Aug 96

["Great National Unity Around Leader, Decisive Guarantee for National Reunification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 2 (KCNA) — The Great Leader Comrade Kim Il-song brilliantly solved the issue of inheriting the cause of national independence and provided the Korean nation with a firm foundation to accomplish the cause of national reunification under the guidance of the respected Comrade Kim Chong-il, the centre of great national unity and lodestar of national reunification, says NODONG SINMUN in a signed article today.

Only when they remain loyal to the Great Leader Comrade Kim Chong-il, who is identical to the fatherly leader Comrade Kim Il-song in great ideology and leadership and in noble traits and virtues, can the Korean people creditably accomplish the cause of national reunification and national independence, the article says, and goes on:

Comrade Kim Chong-il applied the immortal chuche idea to put forward correct ideas, theories, distinguished strategic, and tactical policies on national reunification and clearly indicate the path of national reunification.

He, basing himself on the chuche idea, gave a profound exposition of a truth that the cause of national independence is started by an outstanding leader of the nation and can be accomplished only when the popular masses are imbued with the idea of national independence advanced by the leader and the principle of independence is maintained under his guidance.

He also laid down a new idea that the driving force behind national reunification is broad segments of the people who have an ideology of loving the country, the nation and the people, with the working people as hardcore members, so that he has opened a broad avenue to strengthen and develop the powerful driving force of national reunification in South Korea.

He, on the basis of his new exposition of the characters of the South Korean society, profoundly clarified that without independence it is impossible to achieve democracy and reunification and that independence, democracy and reunification should be organically linked in a movement, and has led the reunification movement so that it can be conducted with redoubled efforts.

All the fellow countrymen at home and abroad should get united closely around Comrade Kim Chong-il and achieve great national unity in hearty response to the 10-point programme of the great unity of the whole nation, a great charter of national unity, which was worked out and published by Comrade Kim Il-song. Herein lies a sure guarantee for the independent and peaceful reunification of the country and a bright future of national prosperity.

DPRK: Delegations From Malaysia, Japan Visit Kim Il-song Statue

SK0208050496 Pyongyang KCNA in English
0422 GMT 2 Aug 96

[FBIS Transcribed Text] Pyongyang, August 2 (KCNA) — A delegation of the Malaysian [word indistinct] Organization led by its Secretary General K. Sanmugam and a delegation of Fukuoka Prefectural Assemblymen [word indistinct] different parties of Japan visited the Kumsusan Memorial Palace where the great leader President Kim Il-song lies in state and made bows to him in humble reverence on August 1.

K. Sanmugam wrote in the visitor's book that the Great President Kim Il-song was the leader, who devoted his whole life to the nation and to the freedom and liberation of the people and to making the Korean people [word indistinct] people with no worry about food, clothing and housing.

DPRK: Japanese Delegation Visits Mansu Hill Statue

SK0408060396 Pyongyang KCNA in English 0505 GMT 4 Aug 96

[FBIS Transcribed Text] Pyongyang, August 4 (KCNA) — The visiting first delegation for the study of the chuche idea of Japan with Shuhachi Inoue, director general of the International Institute of the Chuche Idea, as its general head and Seiichi Sakugawa, president of the National Liaison Council of Societies for the Study of the Chuche Idea and former president of Okinawa University, as its head, laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill on August 3.

They paid homage to President Kim Il-song with boundless reverence.

Shuhachi Inoue said that though President Kim Il-song passed away, his behests are being fulfilled with credit.

Seiichi Sakugawa said that President Kim Il-song founded the chuche idea, built socialism centred on the popular masses for the first time in human history and was the first to brilliantly solve the problem of successor.

The chuche idea will be the guiding idea in the 21st century, too, and the progressive people of the world should follow the idea, he said.

He prayed for the immortality of President Kim Il-song.

DPRK: Brazilian, PRC Delegations Visit Kumsusan Palace

SK0508094396 Pyongyang KCNA in English 0935 GMT 5 Aug 96

[FBIS Transcribed Text] Pyongyang, August 5 (KCNA) — A delegation of Brazilian National Congressmen from different parties led by Valdir Colato, member of the National Executive Committee of the Brazilian Democratic Movement and member of the Chamber of Deputies, paid homage to the great leader President Kim Il-song at the Kumsusan Memorial Palace on Sunday [4 August].

The head of the delegation wrote in the visitor's book that the Kumsusan Memorial Palace where the great President Kim Il-song is preserved in state has evoked the most humble reverence.

The deputy head of the delegation wrote that through his visit to the palace, he came to know well that the great leader Comrade Kim Il-song was the father of the Korean people for the building of an independent and sovereign state.

Meanwhile, a delegation of cadres of the Communist Party of China headed by Zhou Shengtao, deputy secretary of the Xinjiang Uygur Autonomous Regional Committee of the CPC, visited the Kumsusan Memorial Palace to pay homage to President Kim Il-song.

The delegation wrote in the visitor's book that President Kim Il-song is alive forever in the hearts of the Korean and Chinese people.

DPRK: Visiting Students Leave Flowers at Mansu Hill

SK0508032196 Pyongyang KCNA in English 0243 GMT 5 Aug 96

[FBIS Transcribed Text] Pyongyang, August 5 (KCNA) — A home-visiting group of students of the Korean University under the General Association of Korean Residents in Japan and a home-visiting group of Korean students in Japan laid floral baskets and made bows before the statue of the great leader President Kim Il-song on Mansu Hill on Sunday.

Earlier, a soccer team of the Korean Primary School in Japan laid bouquets of flowers and made bows before the statue.

DPRK: South Koreans Remember Kim Il-song Death Anniversary

SK0508103096 Pyongyang KCNA in English 0949 GMT 5 Aug 96

[FBIS Transcribed Text] Pyongyang, August 5 (KCNA) — Kwangmyong, a publication of South Korea, carried an article entitled "President Kim Il-song Is Immortal", written by Yun Pong-su, according to the Seoul-based radio Voice of National Salvation.

The article said the people in the South have always remembered and been with the great leader President Kim Il-song for the past two years since he passed away and their yearning and reverence for him have been growing with the second anniversary of his death as an occasion.

It was evidently confirmed once again that the people across South Korea commemorating the greatest memorial day of the nation with gravity and humble reverence have kept deep in their mind, together with the yearning and reverence for the president, the faith that he is immortal and is always with the nation, it noted, and said:

Under the decision of youth organizations and university student councils, the members of the Youth and Students' Condolence Group, who were selected from across South Korea at the end of June, had a memorial service at a youth association's office in Inchon on July 8, timed to coincide with the national memorial service for President Kim Il-song held in Pyongyang on his second death anniversary.

After the service, a leading member of the association surnamed O said youth and students would certainly bring earlier the day when they, together with people from all other walks of life in the South, can visit the Kumsusan Memorial Palace, the sacred temple of chuche, to pay homage to the president, who is preserved in state there.

The article also said that the Minum Office (Voice of People) brought out in pamphlet the book "Library of Reverence for Great Man", which carries works made public at the evening of reverence.

According to it, an old man residing at the foot of Mt. Toksong in Yesan County, South Chungchong Province, has prayed for the repose of the president's soul, placing before his portrait a bowl of mineral water, brought by his children, every dawn since his death.

Referring to a memorial service by the members of the Sun Society in Seoul, a memorial service on a ship by fishermen in Sokcho, and a service for the immortality of the president by a farmer surnamed Sin in Kimhae County, the article stressed people in the South were all overcome by reverence for the president on July 8.

The author of the article said he could feel everywhere the ardent reverence of the people in the South, who have kept in their mind the faith that President Kim Il-song is always with the nation.

DPRK: Socialist Youth League Holds Plenary Meeting 1 Aug

SK0308052996 Pyongyang Korean Central Broadcasting Network in Korean
2200 GMT 1 Aug 96

[FBIS Translated Text] On 1 August, a ninth plenary meeting of the Central Committee of the Kim Il-song Socialist Youth League [KSYU] was held in Pyongyang.

Present at the plenary meeting were members and candidate members of the KSYU Central Committee; first secretaries of the KSYU provincial, municipal, county, and complex committees; and functionaries of the KSYU and functionaries concerned in Pyongyang.

The plenary meeting discussed the task of KSYU organizations — putting the younger generation in the forefront of today's Arduous March by teaching them to learn from the struggle spirit demonstrated by the revolution's older generation.

Discussions followed a report given by Choe Yong-hae, first secretary of the KSYU Central Committee.

The reporter and those who participated in the discussion said vigorously learning after the lofty revolutionary spirit of the older generation of the revolution is a heavy yet glorious revolutionary task, as well as an extremely important, pressing problem for the younger generation.

Bringing up the younger generation to be righteous fighters who undauntedly overcome the trials at the head of the Arduous March by firmly equipping them with the lofty revolutionary spirit cherished by the older generation of the revolution is a fundamental demand for triumphantly carrying forth for generations the chuche revolutionary cause pioneered at Paektu and completing it to the end. They touched on the great accomplishments made in the course of vigorously waging the ideological indoctrination work among the younger generation to teach them the lofty revolutionary spirit of the revolution's older generation.

The plenary meeting pointed out that KSYU organizations and functionaries should vigorously undertake the work to follow the example of older revolutionaries by closely linking it with revolutionary practices, thereby bringing up all youths to stand in the van to overcome difficulties. For this, the plenary meeting set forth details about the tasks.

The plenary meeting pointed out that KSYU organizations and functionaries should vigorously carry out ideological indoctrination work to bring youths to clearly see the respected and beloved General Kim Chong-il's lofty intention on following the example of the revolution's older generation. The plenary meeting pointed out that KSYU organizations and functionaries at all levels should rise up to faithfully pay back the respected and beloved general's great faith and expectations.

The plenary meeting pointed out that KSYU organizations and functionaries should strengthen organization and political work among youths so the 8 million youths will cherish deep in their hearts the faith that they will be unfailingly victorious because they uphold the respected and beloved general; should firmly prepare youths as rifles and bombs to protect him [Kim Chong-il] at the forefront in a death-defying manner; and should train them to highly display their revolutionary spirit of self-reliance and fortitude so as to rouse them to the struggle to implement the party's revolutionary economic strategy.

In addition, the plenary meeting pointed out youths should learn from the spirit of enduring hardship and the revolutionary optimistic spirit so as to courageously fight ahead as the older generation of the revolution did, and set up the ethos of collectivism and the revolutionary military discipline by which they lead and help each other.

Noting that strengthening the organizational life among the younger generation and enhancing the organization's militant function and role are important methods for actively following the lofty example of the revolutionaries, the plenary meeting urged KSYU organizations and functionaries to, above all, firmly strengthen the KSYU committees at all levels and turn them into militant organizations full of vigor. The meeting also pointed out that all youths should be endlessly trained politically and ideologically in a melting furnace of organization life so as to turn them into the party's true youth vanguards and loyal child guards who have a high degree of organization and sense of discipline, diligence, and simplicity.

The plenary meeting set forth the task on decisively enhancing the responsibility and role of KSYU functionaries, pointing out KSYU functionaries should devote all their creativity and burning enthusiasm to thoroughly implement the respected and beloved general's words.

The plenary meeting stressed that KSYU organizations and functionaries should vigorously work to follow the example of the revolution's older generation with a correct methodology, thereby boosting all youths to brilliantly carry forth their noble mission and duties as detached corps and reserved combat units of the supreme commander.

The plenary meeting adopted a relevant decision.

DPRK Meeting Marks Documentary Film Studio Anniversary

SK0208053296 Pyongyang KCNA in English 0428 GMT 2 Aug 96

[FBIS Transcribed Text] Pyongyang, August 2 (KCNA) — A meeting was held in Pyongyang on August 1 to mark the 50th anniversary of the Korean Documentary Film Studio.

It was set up in July 1944.

Over the past 50 years, it has released a large number of documentary films including "The Great Leader Comrade Kim Il-song Will Be Immortal", "For the Liberation of the Country" and "Bosom of Brilliant Life" which record the revolutionary history of the party and the leader and full [word indistinct] documentaries "The Great History" and "New Korea".

In a congratulatory message, the Central Committee of the Workers' Party of Korea highly appreciated the comrades and officials of the studio who have made remarkable achievements in producing documentary films on a chuche line and have greatly contributed to the implementation of the revolutionary cause [words indistinct] reporter and speakers said that the studio is now faced with a task of bringing about a revolutionary turn in the creation of documentary films.

They declared that they would successfully perform their duty as ardent defenders and propagandist of the policies of the Workers' Party of Korea and as honorable recorders of the party history.

DPRK: Yi Chong-ok Attends Rally To Award Prize to Documentary

SK0408220196 Pyongyang Korean Central Television Network in Korean 1100 GMT 2 Aug 96

[FBIS Translated Text] A meeting was held at the Korean Documentary Film Studio on 1 August to award the People's Prize to the long 20-part documentary "The Great History."

Present at the meeting were Comrade Yi Chong-ok, functionaries of the sectors concerned, and authors and functionaries of the film studio. After a decree of the DPRK Central People's Committee was read, a People's Prize certificate and medal were awarded to the long documentary "The Great History." Titles of honor, decorations, and medals were also conferred on meritorious authors and functionaries who contributed to editing the long documentary.

Speeches were then made. Speakers mentioned that the long documentary "The Great History" has greatly contributed to firmly arming party members and the working people with the revolutionary ideas of the respected and beloved leader [suryongnim]. They noted that the long documentary could be completed as a masterpiece of the time entirely because of the wise leadership and close consideration of the great Comrade Kim Chong-il [widaehan kimjongil tongji].

They stressed they will fulfill their mission by protecting and defending the immortal achievements accumulated by the great leader [widaehan suryongnim] and the respected and beloved general, and by creating more documentaries showing the glorious revolutionary history of our party.

DPRK: Production, Use of Substitute Fuels Reported

SK0508050796

[FBIS Report] Pyongyang NODONG SINMUN in Korean on 10 July carries on page 4 a 1,000-word article by reporter An Si-kun on the use of substitute fuel in Pukchang County, South Hamgyong Province. Noting that plants, enterprises, and cooperative farms in the county operate many North Korean-made "Sungni [victory]-58" type and "Chaju [independence]-64" type trucks and that these trucks have solved their fuel problem by using substitute fuel, the article says that a truck can run about 500 ri if its gas generator is filled up with substitute fuel and about 1,500-ri if additional substitute fuel is kept in its reserved gas generator.

The article states there are more than 10 substitute fuel production bases in Pukchang County, and these bases are equipped with modern facilities. The substitute fuel produced at these bases has not only met the demands of the whole county, but it has been also supplied to other units.

The article notes that by using substitute fuel, Pukchang County has increased by far the operating ratio of its trucks. Trucks using substitute fuel have transported sand, gravel, cement, steel materials, and other building materials to housing construction sites, according to the article.

Noting that one can easily witness heaps of soot piled mountain high in many places in Pukchang County and that the county has successfully turned soot into a source of substitute fuel, the article states that the county's soot brick plant has built a modern process for extracting constituent parts from soot for use as substitute fuel.

The article describes the difficult process that technicians at the Pukchang County Science and Technology Committee and the soot brick plant faced in their research into extracting constituent parts from soot for use as substitute fuel. It comments on the technological achievements of technicians and the working class in the county in producing a solid substitute fuel like coking coal. The article also describes the success of technicians and the working class in the county in producing gas generators and installing them on all trucks in the county so that the substitute fuel can be used.

The article concludes that the use of such a substitute fuel in trucks in Pukchang County has greatly contributed to solving the county's transport problems.

The 14 July Pyongyang NODONG SINMUN carries on page 3 a 400-word article by reporter Yi Sangho on the production of substitute fuel at the Umgot cooperative farm in Anak County. The article reports that "upon arrival at the cooperative farm, you can see a signboard, 'Umgot Gas Plant'" and that this plant is producing methane gas as a substitute fuel for use in farm machines, for power production, and for use as compost at the cooperative farm.

The article reports that the plant has several gas fermentation tanks, gas storage tanks, and other facilities. Each gas fermentation tank produces methane gas by using livestock byproducts once every three months on an average. The methane gas produced is stored in the gas storage tanks. The methane gas in the gas storage tanks is used in farm machines as substitute fuel, and also used to produce electricity by starting truck engines with it. The sediment left in the fermentation tanks can also be used as compost, the article notes.

The article concludes by noting that "the methane gas produced in the gas plant at this cooperative farm has been used as a substitute fuel in tractors, trucks, and various kinds of farm machinery."

DPRK Power Plants Overfulfill Electric Power Output for Jul

SK0408115596

[FBIS Report] Pyongyang Korean Central Broadcasting Network in Korean at 2100 GMT on 31 July carries three reports on various power stations fulfilling their July targets.

In a one-minute report, electric power producers of the Changjingang Power Plant are said to have overfulfilled their July electricity production plan as of 30 July. The report says they finished repairing seven generators earlier than scheduled, thereby producing "320,000 kwh more electricity than scheduled for this month from the repaired generators." The report notes that having produced "9 million kwh more electricity than the original plan for July," the electricity producers of this power plant continue to effectively manage facilities and water, achieving constant upsurges in production.

The radio continues with a less-than-one-minute report on the Changjagang Power Plant, which finished its July plan at 102 percent as of 30 July. The report points out that electric power producers of this station "operated all facilities at full capacity, even during the rainy season, thanks to their thorough preparations," thus overfulfilling their highly-set daily quotas.

The radio also carries a thirty-second report on electric power producers of the 16 June Thermoelectric Power Plant overfulfilling their July plan. The report notes they increased electricity output "by properly checking boilers and developing appropriate techniques."

DPRK Article Reports on Consumer Goods Production Movement

962C0083A Pyongyang MINJU CHOSON in Korean 14 May 96 p 2

[Article by an unidentified reporter: "The 3 August Consumer Goods Production Movement Is Showing Its Great Vitality"]

[FBIS Translated Text] Ten years ago, on 13 May 1986, the great leader [yongdoja] Comrade Kim Chong-il made an on-the-spot guidance tour of the 3 August Consumer Goods Exhibition Hall.

He inspected various consumer goods on display, such as garments, shoes, household goods, kitchenwares, school supplies, modern consumer goods, sundry daily goods produced by various factories, enterprises, workshops, factory work teams, household work teams, sideline teams and household service personnel, by seeking out and utilizing all kinds of inner reserves, such as factory by-products and waste material. While viewing the exhibition, the great leader [yongdoja] Comrade Kim Chong-il expressed great satisfaction with the fact that such fine consumer goods, which were badly needed in daily life, were being produced in great varieties and in attractive shapes. He then clearly outlined the tasks needed in improving the people's standard of living by implementing the party's policy on the light industry revolution, along with the methods by which to accomplish these tasks.

The great leader [yongdoja] Comrade Kim Chong-il said that it was a good thing that the ranks of workshops, factory and household work teams, sideline teams, and household service personnel producing daily necessities were continually expanding in Pyongyang through the 3 August consumer goods production movement as a masse campaign. He highly appreciated the labor achievements of party organizations and functionaries and consumer goods producers who had devoted themselves to the struggle to improve the people's standard of living.

He then gave valuable instructions on ways to effect another upturn in the production of consumer goods, including one on the question of establishing a 3 August consumer goods exchange and wholesale center in Pyongyang so that commodity exchanges might be carried out between urban direct retail outlets selling a lot of lacquerware and rural areas with many straw products to sell.

The instructions given by the great leader [yongdoja] Comrade Kim Chong-il on that day provided a programmatic guideline to which we should firmly adhere in the production of consumer goods and served as the banner of inspiration strongly firing the revolutionary zeal of the producers participating in the 3 August consumer goods production movement.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows: "We must produce a large variety of quality consumer goods in greater quantities in the future by waging the 3 August consumer goods production movement all the more vigorously."

Let us put this instruction of the great leader [yongdoja] Comrade Kim Chong-il thoroughly into action so that we may make the respected and beloved general's love and solicitude for our people better reach them.

Those were the words of the unanimous pledge the producers and workers participating in the 3 August consumer goods productions movement throughout the country made in their hearts upon receiving the words of great love and trust.

Administrative economic organizations at all levels throughout the country more vigorously organized and executed the task of converting the surging enthusiasm of the producers and workers participating in the 3 August consumer goods production movement into material energy.

In particular, the 8.3 Bureau under the Pyongyang Municipal Administrative Economic Committee drew up concrete plans to implement the great leader [yongdoja] Comrade Kim Chong-il's instruction and pushed ahead with them in a bold, daring, and revolutionary manner.

With a view to waging the 3 August consumer goods production movement as a mass campaign the bureau purposefully carried out the work of expanding the work teams and the ranks of producers majoring in the production of consumer goods. Functionaries of the bureau went out to various factories, enterprises, and people's neighborhood units in the city to actively seek out and mobilize reserves and possibilities by giving priority to political work. As a result, the ranks of household service personnel have quintupled in the past 10 years.

In addition, the bureau stepped up organizational guidance work to create 10 or more of the 3 August consumer goods production bases in each district and county in the city each year. As a result, the number of these bases increased four times compared with 1986.

Compared with 10 years ago, the output value of consumer goods produced through the 3 August consumer goods production movement has increased 2.3 times and their variety has also increased a great deal. These past 10 years the varieties of consumer goods have increased

1.6 times in basic categories and 3.2 times in expanded categories.

In Pyongchon District alone, in this 10-year period the output value of consumer goods produced through the 3 August consumer goods production movement has increased 2.8 times, and the varieties of consumer goods increased 2.1 times in basic categories and 5.3 times in expanded categories.

The bureau vigorously pushed forward the tasks to improve the quality of goods produced through the 3 August consumer goods production movement, along with the tasks to increase their output.

It carried out in a planned manner various tasks to have work teams, sideline teams, and production bases majoring in the production of consumer goods upgrade their technical equipment and introduce rational measures so that the producers might improve the quality of their products. At the same time, the bureau worked out dynamic measures to strengthen the feedback from the direct retail outlets in the districts.

Each year the bureau organized a citywide commodity fair for each category of product and carried out on a normal basis and in a substantive manner the work of examining in timely fashion consumer goods produced in the districts and counties in the city.

Last year alone, the bureau organized four sector-by-sector commodity fairs, spurring on the tens of thousands of consumer goods producers participating in the 3 August consumer goods production movement in the city to continually improve the quality of consumer goods.

As a result, most of articles, such as electric appliances, textile goods, carved woodwork, and handiwork produced in many districts and counties in the city, including Pyongchon, Songyo, and Mangyongdae, are very popular among the consumers because of their good quality.

Keeping pace with the unprecedented increase in the output of consumer goods and the continual improvement in their quality through the 3 August consumer goods production movement, the bureau directed great efforts to the task to fix up direct retail outlets in each district and strengthen their role. The retail outlets in many districts in the city, such as Mangyongdae, Pyongchon, and Nangnag, each have hundreds of square meters of floor space and a capacity to store and sell hundreds of tons of goods and are fixed up as well as, or better than, department stores as commodity supply centers for the local inhabitants. Their quality of service has improved markedly, and they are proud of themselves as retail service centers loved by the people.

In the past 10 years the volume of commodity circulation has increased 2.5 times for the city as a whole and that through direct retail outlets has increased threefold; and 17 of the more than 20 districts and counties in the city have earned the honor of being model districts or counties in the 3 August consumer goods production movement.

This kind of feat is not limited to Pyongyang City. Whatever city or county you visit, you will find things that indicate the vitality of the 3 August consumer goods production movement.

Indeed, the last 10 years since that honorable day have been a period in which each day witnessed a new turn in the material and cultural aspects of our people's lives, with the vitality of the 3 August consumer goods production movement given full play.

On this significant occasion marking the 10th anniversary of the great leader [yongdoja] Comrade Kim Chong-il's on-the-spot guidance tour of the 3 August Consumer Goods Exhibition Hall, the producers and workers participating in the 3 August consumer goods production movement throughout the country, including Pyongyang City, are burning with the determination to enhance the vitality of the 3 August consumer goods production movement by upholding the leadership and ideology of the respected and beloved general with loyalty and by giving fuller scope to the spirit of "the arduous march."

DPRK: 'Regularizing' Enterprise Management Stressed

SK0608061896 Pyongyang MINJU CHOSON in Korean 18 Jul 96 p 2

[Article by Yun Myong-su: "To Regularize Enterprise Management Is an Important Demand To Vigorously Accelerate Socialist Economic Construction"]

[FBIS Translated Text] One of the important problems in vigorously accelerating socialist economic construction by improving economic guidance and management in conformity with the demand of the developing reality is to regularize [chonggyuhwa hanungot] enterprise management.

The great leader Comrade Kim Il-song has taught: Regularizing enterprise management by further improving economic management and operational work is becoming a very important problem in the socialist economic construction of our country today.

To regularize enterprise management is to highly organize managerial activities by having all functionaries and working people of plants and enterprises function in an orderly manner according to the rules and regulations of socialist economic management.

To regularize enterprise management is an important demand to highly display the superiority of a socialist economic system.

A socialist economy based on the socialist ownership of the means of production is a large collective economy in which all sectors of the people's economy form one monolithic production organism; it is a planned economy in which production, distribution, accumulation, and consumption are carried out according to the state's unitary plan. This characteristic feature of a socialist economy demands regularizing enterprise management. If any plant or enterprise fails to regularize and standardize enterprise management in conformity with the nature of the socialist system, it brings adverse effects not only to the related sectors and units, but also to the country's overall economic development. The regularization of enterprise management ensures organization and uniformity in production and managerial activities, and makes it possible to thoroughly embody the collective principle in economic management. Thus, the regularization of enterprise management makes it possible to highly display the superiority of the socialist economic system to the capitalist economic system by scientifically and rationally managing and operating the socialist economy, and thereby developing the socialist economy, which is based on collectivism, in a continuous, rapid, and planned and balanced manner.

Regularizing enterprise management is the economic management policy that our party consistently maintains in socialist economic construction.

The great leader [widaehan suryongnim] made specific application of the noble experience which he obtained in regularizing the unit management in the era of the anti-Japanese revolutionary struggle in conformity with the realistic demand of socialist construction. Putting forth his original idea on regularizing and standardizing [kyubomhwa] enterprise management, he brilliantly embodied it in the practice of our revolution. Under the wise leadership of the party and leader, the most scientific and revolutionary regulations were provided for the management of plants and enterprises that conform with the nature of a socialist society and the inevitable demand of the development of the socialist economy in our country. At the same time, the ranks of economic functionaries are firmly formed, leading to the regularization of enterprise management at a high level. Therefore, continuous production upsurges were achieved in socialist economic construction.

Practical experience shows that if we consistently follow our party's policy on regularizing and standardizing enterprise management, we can continuously and vigorously accelerate socialist economic construction under any conditions. Today, when socialist construction has progressed deeply, the need to regularize enterprise management, as demanded by the Taean work system, whose justification and vitality have been confirmed through practice, is an important requisite to vigorously accelerating socialist economic construction.

To regularize enterprise management is an important demand to accelerate socialist economic construction because, above all, it enables the revolutionary zeal and creative activity of the producing masses to be thoroughly displayed.

The masters of the revolution and construction are the popular masses, and the driving force of the revolution and construction is also the popular masses. The success of socialist construction depends on how we organize and mobilize the inexhaustible force of the masses, and arousing the masses' creativity is an essential demand in socialist economic construction. Regularizing enterprise management is important in organizing and mobilizing the revolutionary zeal and creative activity of the masses.

The most important mission for enterprise management is for all production units to thoroughly implement the party's economic policy. Regularizing enterprise management will enable all functionaries and producers to unanimously move according to the rules and principles of socialist enterprise management, which specified action regulations and enterprise orders they should commonly observe. Thus, they can implement the party's economic policy without fail. When enterprise management is regularized, only then can the producing masses positively rise in the management and operation of enterprises, possessing a lofty awareness of being the practical masters of enterprise management. Thus, they will devotedly struggle to responsibly and timely carry out policy- related tasks assigned to their respective domains and units. By mobilizing the collective strength and wisdom of the masses, we can formulate correct measures and methods for improving economic guidance and enterprise management in conformity with the essential demand of a socialist society. Thus, we can cause the flame of mass innovations to fiercely blaze in production and construction by helping and leading each other based on the collectivist principle. By turning the masses' revolutionary zeal and creative activeness into enormous material strength [kodaehan mulchilchok him], we can effect a constant upsurge in socialist economic construction.

Minute administrative organizational work and scientific technical economic work [kwahakchogin kisul kyongje saop] are important for enterprise management. No matter how lofty the political awareness of the producing masses may be, they cannot effect achievements in production if the technical economic conditions for their political activities are not ensured. Regularizing enterprise management is an effective method for excellently embodying socialist economic rule, economic management principles, and scientific and technological demands of production. When enterprise management is regularized, only then can we harmoniously and thoroughly carry out technological guidance; organize production and manpower; organize labor; guarantee raw materials; dispose of products; and engage in financial management and all other business management activities [kyongyong hwaltong]. Thus, we can make the producing masses actively rise in the struggle to implement the party's economic policy. At the same time, the producing masses can unconditionally implement the national economic plans daily, monthly, and quarterly with the precise awareness that the national economic plans are the directives from the party and the laws of the nation. Thus, they can highly display the superiority of the planned socialist economy and participate in enterprise management, including facility management and material management, worthy of being masters. Thus, regularizing enterprise management will further enhance the workers' zeal for production and awareness of being masters, and will bring about collective innovations in each domain and each unit. Regularizing enterprise management is an important demand for vigorously accelerating socialist economic construction.

Regularizing enterprise management constitutes an important demand for socialist economic construction because it enables one to effectively mobilize and utilize production potentials and to carry out the nation's housekeeping in a frugal manner.

Today, the foundation for a powerful, socialist, self-reliant, national economy, which enables our people to live with our own strength under any condition, has been provided in our country under the wise leadership of the party and the leader [suryong]. Making these enormous production potentials prove their worth to the maximum is an important guarantee for achieving constant upsurges in economic construction by producing more and by building more through the effective use of existing assets [innun michon]. The issue of effectively mobilizing and utilizing existing production potentials demands that a lofty scientific and organizational nature and discipline be guaranteed in economic management. This issue can be achieved when enterprise management is regularized in accordance with the demand of developing realities. Regularizing enterprise management is an important means for normalizing production by effectively mobilizing and utilizing existing assets and by carrying out the nation's housekeeping in a frugal manner.

The norm of socialist enterprise management stipulates functionaries' management activities to constantly increase production in a high speed and to give the country more benefits by maximizing utilization of labor, facilities, materials, and funds. The purpose in regularizing enterprise management is to manage and operate the economy more scientifically and reasonably and, thus, to produce more material wealth at less expense. Therefore, only when enterprise management is regularized can measures and methods for a reasonable enterprise management be established based on the correct calculation of all conditions such as the demands of economic rules; the level of the present productivity development; the supply status of facilities, raw materials, materials, and funds; and the level of workers' preparedness.

Doing so makes it possible to strictly abide by the discipline of carrying out an established plan in all sectors and units of the people's economy, to correctly conduct materials supply work and the independent economic accounting system, and to ensure uniformity in the activity of managing plants and enterprises. It also makes it possible to do away with factors of discipline and spontaneity in economic management, to correctly ensure complicated ties among production units which form one organic body for production, and, thus, to smoothly carry out socialist expanded reproduction.

It also makes it possible to dovetail planning work with labor organization and production organization in conformity with the demands of objective economic rules and with the technological and economic demands of production processes. Thus, it again makes it possible to do away with unproductive expenditure; to constantly increase economic effectiveness while increasing the rate of utilization of labor force, facilities, materials, and funds; and to lead the established economic foundation to prove its worth.

We cannot think of the problem of correctly utilizing the economic leverages such as price, cost, and profit as a separate issue from the regularization of enterprise management; the problem of correctly combining political and moral incentive and material incentive while giving more priority to the former so as to enhance workers' zeal for production and enterprises' profits; the problem of placing all economic work on a firm material foundation by establishing tidiness in production and life and by regularizing production in all plants and enterprises; the problem of further improving materials supply work in conformity with the demands of the Taean work system; the problem of preventing materials from being misappropriated and wasted by vigorously waging the mass technical innovation movement and the struggle for increased production and for conservation; the problem of actively locating and finding all available reserves and of treasuring each drop of fuel, handful of coal, gram of cement, and piece of steel so as to provide more reasonable production conditions and to constantly increase production.

Like this, regularizing enterprise management is an important requirement for vigorously accelerating socialist economic construction.

All functionaries and working people should keep in mind the importance of the regularization of enterprise management and should make active efforts to regularize enterprise management. Thus, they should effect a new turn in economic management work and effect a constant upsurge in socialist economic construction. Thus, they should make their country and their fatherland richer.

DPRK: Functionaries Urged To Cope With Arduous March Era

962C0083B Pyongyang MINJU CHOSON in Korean 22 May 96 p 1

[Editorial: "Let Government Functionaries Live and Work in a Revolutionary Way To Suit the Era of an Arduous March!"]

[FBIS Translated Text] The whole country is now ceaselessly pulsating with the revolutionary zeal and spirit of the people struggling with fortitude. Slogans calling for living and working with the spirit of the "arduous march" are posted in every street corner of cities and villages throughout the country; and the battlefields for the grand socialist march are brimming over with the Paektu faith, faith in certain victory. The functionaries of government organizations must maintain a perpetual state of alertness and mobilization, executing all their tasks in a more revolutionary way.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows: "When confronted with a difficult task or hardship, people carrying out a revolution must strengthen their determination all the more and press forward overcoming it."

Continually to fight all the more staunchly by giving full play to the revolutionary spirit when the going is rough is part of the militant temperament of our government functionaries. The protracted course of our revolution aimed at building socialism has been punctuated with many a trying period. But in each period our government functionaries staunchly walked the one road of revolution by following the party and greatly contributed to putting up a tower of ever greater success for the socialist cause by overcoming each encountered bottleneck and barrier with a heightened revolutionary spirit and militancy.

We are now building socialism under the difficult circumstances in which the imperialists are intensifying their antisocialist machinations with each passing day. Never before was there a more difficult time in the struggle for socialism.

Our party is demanding that all our people launch an "arduous march" to vigorously advance the revolution and construction to suit the existing circumstances and conditions of our time. People should wage a heroic struggle to become glorious victors, refusing to be disheartened by the obstacles but brimming over with confidence and optimism—this is precisely what our party demands at this time.

For those who are aware of the demands of the party and the demands of the time, there is nothing that is impossible and there is no limit to their capability.

Currently, the functionaries of our government organizations are fearlessly breaking through all obstacles and barriers head-on, with a determination to share the same fate with their leader [yongdoja] to the end. They must hold fast to this struggle ethos and give it full scope on the entire course of the "arduous march."

For government functionaries to tackle all their tasks in a revolutionary way to suit the era of an "arduous march" is an important requirement for making their country, their fatherland, richer and stronger and giving full scope to the superiority of our type of socialism.

Playing the role of the economic organizer is one of the important functions of the people's government; and success in socialist economic construction depends on the mental power with which the government functionaries perform their work. No matter how desperate the imperialists may be in their machinations to strangle our socialism to death, our government functionaries will be able to break through obstacles in economic construction if only they devote themselves to the fulfillment of their revolutionary duties and work with all their might. Success in an economic task depends on the devoted struggle of those government functionaries who are responsible for that specific task. Likewise, solving the problem of fixing the national economy by our own efforts and improving the people's standard of living, as well as the problem of implementing the party's revolutionary economic strategy precisely in accordance with the behest of the fatherly leader, depends importantly on how doggedly our government functionaries tackle these problems. If government functionaries boldly dash forward to fulfill gigantic goals, they will be able to push forward economic programs and raise the living standard of the people as desired by the party, and crush the blockading maneuvers of the imperialists, and consolidate the economic bastion of socialism all the more like bedrock.

The "arduous march" our people are making today is a difficult but rewarding struggle to protect and preserve socialism. Our party expects that in this solemn march our government functionaries will make redoubled efforts, aware of the demands of the time.

The functionaries of government organizations are a contingent of the "arduous march" and are charged with the duty to lead the march in the van, holding high the same red flag of the revolution that fluttered in the Paektu forests. Government functionaries should not merely give lip service to the arduous march but become staunch fighters by making an "arduous march" in the practical struggle to defend socialism.

The true life of the revolutionary consists in struggle, and the source of victory in the worthy struggle lies in a strong mental power, that is, a strong faith. Faith is an ideological and mental characteristic and the lifeline of the revolutionary. A person with a strong faith is destined to become a winner, whereas one who has lost faith is doomed to become a loser. This is the truth that has been proven in the arduous struggle.

In the period of the arduous march a long time ago, our anti-Japanese revolutionary fighters endured the cold and hunger by the strength of their faith and won brilliant victories by crossing the barrier and cutting their way through the enemy. The hearts of our government functionaries must always beat with the clear and thoroughgoing faith of the late revolutionary fighters.

The rank and file of the current "arduous march" are the contingents of loyalists made whole with the great leader [yongdoja]—the ranks of eternal struggle devoted to the fulfillment of the party's cause. Standing at the head of these sacred ranks is the respected and beloved supreme commander, Comrade Kim Chong-il. We are ever-victorious because we have the general—this is an unalterable faith etched deep in the hearts of our people.

Government functionaries must learn in-depth by experience the greatness of the respected and beloved supreme commander, Comrade Kim Chong-il, who is leading the socialist cause to victory with his outstanding thoughts and theories and matchless leadership art. Cherishing deep in their hearts the pride and confidence in carrying out a revolution under the great leader [yongdoja] Comrade Kim Chong-il, as well as their good fortune of having one outstanding leader after another from generation to generation, they must strengthen their determination to protect the highest leader of the revolution with their lives and walk unwaveringly down the long road of the revolution by following the general, believing in him whole-heartedly.

"No one in this world can be a match for one who is ready to die." This is the faith and mettle our current government functionaries should have. They must cut through barriers head-on and gallantly fight on to defend socialism and build a more prosperous fatherland, with the conviction worthy of revolutionaries—the conviction that even when the roof falls, there will be an opening to rise from the heap. A functionary who holds fast to his pledge to the end without the slightest swerving, and who, confident of victory and optimistic about the future, finds a way out for an assault, even in the face of a violent gale and multilayered obstacles, is a genuine, loyal retainer.

What is also important for government functionaries in living and working in a revolutionary way in the period of an arduous march is to thoroughly implement the party's revolutionary economic strategy under the banner of self-reliance.

The party's revolutionary economic strategy is a strategy of self-reliance and fortitude; and self-reliance is the way for winning victory for socialism. Practical experience in socialist construction fully justifies the line of self-reliance although self-reliance is not an easy thing to practice.

With a renewed determination to carry out all tasks arising in the implementation of the party's revolutionary economic strategy by their own efforts, government functionaries must carefully plan economic organizational work from the standpoint of the masters and set bold goals by taking stock of actual conditions and launch a struggle to attain them in a revolutionary way. At the same time, they must exert themselves to mobilize all inner reserves and potential and put them to effective use so that thy may normalize production at a high level. More immediately, they should carefully plan and execute administrative organizational work and the task to guarantee the supply of necessary material and technical provisions in order to implement the party's policy of giving the first priority to agriculture.

Leading by personal example is an important work habit for functionaries. Government functionaries must go into the middle of reality and energetically carry out organizational work to implement party policy, discuss with the masses ways to implement the party's economic strategy while working with them, and take up hard jobs themselves and get them done as quickly as possible. When government functionaries lead the rank and file in managing the economies of their respective units, serve as a model in practicing self-reliance, and work by demonstrating a keen sense of responsibility and a high degree of creativeness, the masses will work with confidence and courage, with all the rank and file moving spiritedly and vigorously accelerating economic construction.

In order for government functionaries to carry out their tasks in a revolutionary way suitable to the era of an "arduous march," it is also important to exert themselves for the good of the people.

Government functionaries are the servants charged with the duty to serve the people, and the true worth and reward of their lives consist in serving the people. The present condition under which we are making an "arduous march" is disadvantageous, but we will be able to solve many problems encountered in our economic programs and the people's livelihood only if our government functionaries are keen on their duties and devote themselves to their work.

In bygone days the commanding officers of the anti-Japanese guerrilla units carefully looked after the lives of the members of their units, always mindful of the great leader Comrade Kim Il-song's teaching that commanders should remember that while their stomachs were full and their bodies warm, the men under their command might be hungry and be shivering from cold. This character serves as a shining model for our present-day functionaries to emulate.

Government functionaries should bear in mind that reflected in their duties are the faith of the party and the expectation of the people that they will spend their whole lives brilliantly as servants of the people. With this in mind, they must run about busily trying to do more for the people and fulfill their duty as servants of the people, without caring about their own ease and comfort. In the same spirit of the mother trying hard to feed and clothe her children better, government functionaries should warmly and sincerely look after the lives of the workers and do their utmost to resolve the bottlenecks confronting the inhabitants and meet their demands.

Working for a reward or a recompense is far from the work attitude of servants. Government employees must work single-heartedly to serve the people without the slightest consideration for their own interests; and their thinking and activities must be permeated all the way with the sole desire to work for the happiness of the people.

Government functionaries should always think about what they have to do to solve problems concerning the livelihood of the people, and search for ways to do it, and should accomplish it, regardless of the degree of difficulty of the work, as long as it is good for the people. Only those functionaries—functionaries who work for the good of the people by devoting all their wisdom and energy, even if they have to cut down on sleep and rest—can win the respect and trust of the masses.

To go into the middle of reality and work with the masses, actively inspiring and spurring them on is a noble trait that government functionaries should have.

The masses of people are the ones who are in charge of the struggle for the victory of socialism; and the key to success in the revolution and construction lies in correctly organizing and mobilizing the creative capabilities of the masses. Bearing in mind that the key to victory in socialist constructions lies in making the masses prepared and setting their energy and wisdom in motion, government functionaries should always go into the middle of the masses and conduct substantive political work to inspire and spur them on. Government functionaries should let the workers clearly understand that our way of socialism, with the masses of people at the center, was established at a tremendous cost, and make them deeply aware that preserving our socialist system is their sacred duty in glorifying the party's leadership achievement and carrying on the militant tradition handed down from the preceding generation. In addition, they must implant in the minds of the workers the belief that although we are having a hard time now, our country will become richer and stronger and better off if we tide over the present difficult situation. In so doing, they should see to it that broad masses of people wage a creative struggle by giving full scope to their revolutionary spirit, with a firm faith in the future, so that there may be new innovations in all aspects of socialist construction.

Upholding the intent of the party, all government functionaries shall add spurs to the movement for a grand onward march and hasten victory in the revolutionary cause of chuche by working and living in a revolutionary way suitable to the era of an "arduous march."

South Korea

ROK: Seoul Plans To Designate U.S. Base as Future Park

SK0408044296 Seoul THE KOREA TIMES in English 4 Aug 96 p 3

[FBIS Transcribed Text] Seoul Metropolitan Government is planning to secure the area in Yongsan currently occupied by the Eighth U.S. Army as a public park when the military base is relocated.

Once a Long-Term City Planning Bill is passed by the Central City Planning Committee, chaired by Vice Mayor Hong Sun-kil, in October, the large tract of land will be designated as parkland, said the city government Thursday. The bill will be binding on future city governments and the land will not be able to be developed or used for any other purpose.

The city's decision came quickly after it realized that Yongsan was no longer a viable candidate as the site of the next seat of the metropolitan government.

As it contemplated various areas that could be suitable sites for the city's burgeoning administrative offices, Yongsan had been the favorite site for its ideal central location. But as the government and the U.S. military continued to postpone the date of relocation, Seoul City all but gave up its plan to move to the area.

With its hopes dashed, the city is hurriedly making certain that the 1.5 million pyong (4.95 million square meters) land will be maintained as a public park. Several ministries of the central government have been eyeing the centrally-located real estate for potential development.

The government has decided that the new National Museum will be built in Yongsan Family Park while other ministries have suggested turning the site into an international foreign relations complex, cutting-edge information complex or a culture and arts complex.

In an overcrowded metropolis such as Seoul, leaving such a prime piece of real estate as parkland is unprecedented but Mayor Cho Sun took office promising a better environment for the citizens and has mentioned the need for Seoul to have a place such as New York's Central Park on various occasions. Support from the mayor will be crucial in pushing the bill through the city planning committee in fall.

Calls for the relocation of the U.S. Army base have been growing since 1980. In 1990, Korea and the U.S. signed an agreement to move the Eighth Army to an area on the outskirts of Seoul although no specific deadline was set by either side.

Now with the issue of who will pick up the tab for the move yet to be resolved, the military base is unlikely to be relocated in the near future.

Public displeasure at being kept out of a part of the city they live in is mounting and civic groups have moved to initiate a drive to get the U.S. base out of the area.

In 1993, the U.S. military returned 90,000 pyong of land, now the Yongsan Family Park, to the Korean Government. Worth an estimated 10 trillion won, the remaining 960,000 pyong is unlikely to be sold. Hence, the city government is planning to gain management rights of the park once the land is turned over to the state after the relocation of the army base .

Although it is difficult to predict when this might come about, the city government now hopes to allay citizens' fears they may lose the only real piece of green in the city center to piles of concrete and glass with the city planning bill.

ROK Court Considers Holding Rape Case Hearing in U.S.

SK0508015096 Seoul YONHAP in English 0132 GMT 5 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 5 (YONHAP) — The Seoul District Court is examining the possibility of holding a hearing in the United States on the case involving Chang Chun-ho, a South Korean national who has been arrested here on charges of raping a Japanese-American coed in New Jersey in 1993.

U.S. judicial authorities, in response to the court's request for a U.S. court hearing of witnesses in the rape case, recently notified the Seoul court that it may hold a hearing in the United States, a court source said Monday.

In a letter to the court's panel No. 22 trying the case under Judge Choe Chong-su's presidency, the U.S. authorities said they would help the panel hold a hearing in Bergen County, New Jersey, by calling in witnesses and providing interpreters and short-hand services, noting that German, Israeli and Japanese courts have held hearings in the United States over the years.

So the panel is now studying plans to hear the testimony of a suspected accomplice and the plaintiff, by taking clerks, public prosecutors and defense lawyers from Seoul to Bergen County in the United States.

Another source said, however, that it would be difficult for the panel to hold a hearing in the United States because the panel has almost confirmed the truth in the case and because there is no formal juridical cooperation regime between the two countries.

Chang is charged with abducting a Japanese-American coed from a shopping mall parking lot and taking her to a motel and raping her in New Jersey in July 1993.

He was released on bail from a U.S. prison and returned to South Korea only to be arrested and indicted by Korean law enforcement authorities.

ROK: KEDO Reviews Plan To Operate Special Guard Unit

SK0508102096 Seoul HANGUK ILBO in Korean 5 Aug 96 p 2

[Report by Kim Pyong-chan]

[FBIS Translated Text] It was learned on 4 August that the Korean Peninsula Energy Development Organization [KEDO] is reviewing a plan to operate "the KEDO guard unit in the Sinpo zone" (tentative title), which will be composed of policemen with special guard duties to autonomously maintain public order in the Sinpo district, the site where the light-water reactors are to be built.

A relevant official from KEDO's planning group stated that "KEDO has reviewed various measures to exercise its right to autonomously maintain public order within the Sinpo construction site as agreed with North Korea in 'The Protocol for Consular Protection and the Privilege of Exemption From Liability.' As a result, KEDO concluded that operation of a guard unit by employing policemen with a special guard duties is effective."

He added that "a plan to dispatch domestic [ROK] police officials and judicial officers to the site has also been reviewed. However, by taking into account the possibility that this may cause a misunderstanding in North Korea, since it could be seen as disregarding North Korea's judicial power, KEDO came up with the plan to introduce policemen possessing special guard duties, and is currently reviewing these detailed measures."

KEDO intends to form the policemen's guard unit as soon as construction begins.

This official also revealed that KEDO's right to maintain public order will apply not only to technicians from our side, but also to North Koreans participating in the construction in accordance with the supplementary protocol specifying that "manpower engaged in the construction of the light-water reactors shall abide by the relevant regulations within the construction site."

He added: "There is a possibility the Korea Electric Power Corporation, the main contractor, will be in charge of matters related to the policemen's guard unit under the authorization of KEDO, which has the right to maintain public order."

ROK: U.S. Official Comments on DPRK Flood Damage

SK0308005996 Seoul YONHAP in English 0052 GMT 3 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 3 (YONHAP) — The South Korean Government has tentatively decided that the latest flood damage in North Korea is not as extensive as has been reported from the outside.

The National Unification Ministry, in a report on North Korea's flood damage issued Friday, said that the latest deluge was reported only in South and North Hwanghae Provinces and western Kangwon Province.

"The damage inflicted cannot be as extensive as last year as the rainfall focused on limited areas," the report said, though it did estimate that casualties and property damage in Kaesong, South Hwanghae Province, and western Kangwon Province might have been heavy.

Meanwhile, Kenneth Quinones, a U.S. State Department official in charge of North Korean affairs who stopped over in Seoul on his way back to Washington from Pyongyang, has recently told officials that he got the impression that the latest flood damage in North Korea was one-tenth of last year's.

Quinones visited North Korea to assist search and recovery operations for the remains of American soldiers killed during the Korean war.

ROK, U.S. Officials Discuss DPRK Policy, SOFA Revision

SK0608053696 (Internet) The Digital Chosun Ilbo WWW in English 1211 GMT Aug 96

[FBIS Transcribed Text] Charles Kartman, US Deputy Assistant Secretary of State, on Monday met Presidential Senior Security Adviser, Yu Chong-hwa, First Assistant Foreign Vice-Minister, Chong Tae-ik, and Chief of American Affairs, Yu Myong-hwan, and discussed overall North policy including the method of stimulating the opening of four-party talks and revision of SOFA (State of Forces Agreement).

An official of the Foreign Ministry said that at this discussion, both sides agreed to consider the possibility of providing assistance to the North at the humanitarian level after studying a WFP [World Food Program] officials on-site field trip report as to the seriousness of flood damage in the North. The official said that the position put by Korea at the talks was that it is not desirable to pursue an appeasement policy towards the North such as the provision of food and the relaxation of sanctions.

In addition, it was reported that Korean side urged the US to make a decision as early as possible in relation to the revision of SOFA which has come to a standstill.

ROK: DPRK UN Ambassador Urges Improved DPRK-U.S. Relations

SK0308074296 Seoul KBS-1 Radio Network in Korean 0700 GMT 3 Aug 96

[AP/YONHAP from the UN Headquarters]

[FBIS Translated Text] North Korean Ambassador to the United Nations Kim Hyong-u urges the improvement of North Korea-U.S. relations, saying that this is important for peace on the Korean peninsula.

Ambassador Kim told reporters today: North Korea desires to improve relations with the United States and will continue making efforts to establish friendly relations between the two countries.

He also said that he thinks the improvement of relations between the United States and North Korea is very important for peace and security on the Korean peninsula and for peace in the world.

ROK, DPRK Ambassadors to UN Hold 'Casual Meeting'

SK0308013896 Seoul YONHAP in English 0118 GMT 3 Aug 96

[FBIS Transcribed Text] United Nations, Aug. 2 (YONHAP) — Perhaps another sign of a cautious North Korea's attempt to open itself up to a limited extent, a senior North Korean diplomat spoke with his South Korean counterpart Friday afternoon for about 15 minutes in a casual meeting.

The rare encounter occurred around 5 PM Friday local time when South Korean ambassador to the United Nations Pak Su-kil came across new North Korean ambassador Kim Hyong-u along the second-story corridor of UN headquarters.

"I met ambassador Kim by chance and we exchanged greetings," Pak said. He declined to comment, however, on whether the talks included anything that could contribute to inter-Korean reconciliation.

Pak was on his way to the UN security council. Kim was returning to his quarters after holding his first press conference since being named to his post. A total of 18 reporters, including two from South Korea and those from AP, AFP, Reuters, NBC, the Boston Globe and Jiji Press of Japan, attended.

The two exchanged a friendly handshake and moved to a nearby lounge for talks on matters of mutual concern. Diplomatic observers are indicating that the meeting may have been the first unscheduled talks between officials of the two archrival nations.

Kim's predecessor, Pak Kil-yon, rarely even exchanged greetings much less have talks with South Korean diplomats during his 11-year tenure at UN headquarters.

ROK Decides To Provide Aid to DPRK via International Groups

SK0208042596 Seoul CHOSON ILBO in Korean 2 Aug 96 p 2

[Report by Kim Yon-kwang]

[FBIS Translated Text] In connection with the provision of relief goods for flood damages and economic aid to North Korea, the ROK Government decided to actively adopt an indirect aid method through international organizations, including the UN Development Program and UN Food and Agriculture Organization.

It was learned that if North Korea responds to a joint explanatory meeting for four-way talks, the government will work out measures to resolve North Korea's economic difficulties by making such a multilateral cooperative organization as the Korean Peninsula Energy Development Organization.

Regarding the observations at home and abroad that "if North Korea responds to a joint explanatory meeting for four-way talks, the ROK will provide hundreds of thousands of tons of grain to the North and launch large-scale economic aid," a relevant high-ranking government official on 1 August stated that "since the government is to donate more than $4 billion for the light-water reactor construction project in North Korea, it has no money to spare for additional burdens."

He said: "Even if North Korea responds to the four-way talks, there is a clear limit to our efforts to resolve food and energy shortages in North Korea. Thus, it is desirable that aid to North Korea be carried out through an international consortium with the participation of the United States and Japan, which are interested in stability in this region."

ROK Government Says DPRK Flood Damage 'Not So Serious'

SK0208122596 Seoul YONHAP in English 1210 GMT 2 Aug 96

["N. Korean Flood Damage Not So Serious: Gov't Official" — YONHAP headline]

[FBIS Transcribed Text] Seoul, Aug. 2 (YONHAP) — The damage caused by the recent heavy rains in North Korea was not so serious as known externally, a government official here said Friday afternoon.

"The heavy rains were concentrated only on South and North Hwanghae provinces and the western part of Kangwon Province," the official at the National Unification Ministry said.

The flood-stricken areas, therefore, are not so vast as last year's floods, he said.

The loss of human lives and property damage could be substantially large in the area of Kaesong, Hwanghae Province and the western sector of Kangwon Province, the official said, adding that in other areas there is seemingly no damage.

Meanwhile, a U.S. State Department official who is now in Seoul after visiting North Korea to help search out the remains of fallen American soldiers, said Friday the latest flood damage in North Korea seemed not serious.

The American official, while meeting South Korean Government officials, said he received the impression that the recent flood damage was no more than about one tenth of last year's flood damage.

ROK: DPRK 'Expected' To Ask More Aid Due to 'Summer Floods'

SK0508014896 Seoul THE KOREA HERALD in English 5 Aug 96 p 2

[Report by staff reporter Pae Un-chu]

[FBIS Transcribed Text] Heavy rains which swept across North Korea last month are expected to prompt the Communist country to ask for more relief aid from the international society.

When torrential rains hit North Korea between July 24-27, North Korea's Central Weather Forecast Research issued a flood warning saying that 475-730 mm of rain fell across the nation.

It reported that the western regions of the North were especially hit hard by the floods. Between July 23-24, Anju had 459 mm of rain and Sinuiju 353 mm. Kaesong and Haeju were hit by 242 mm and 311 mm of rain respectively between July 25-26. Also, 267 mm of rain fell in the Nampo area July 27 alone.

On the same day, Kim Yong-kil, a North Korean soldier who was swept into the rain-swollen Imjin River, drifted to the South Korean border.

North Korea experts said that the summer floods will aggravate the food crisis in North Korea.

They believe that the rice crops which were submerged by the floods this year will not sprout.

Kim Un-kun at the Korea Rural Economic Institute said that the floods devastated the rice paddies in the western coastal areas, including Kangwon and Hwanghae provinces.

He said that this year's summer floods will reduce the rice production and exacerbate North Korea's severe food shortages caused by the floods last summer.

Last year, devastating summer floods inundated a great part of the Communist country, leaving half a million people homeless. North Korea had to ask for food aid from the international community.

The U.N. Food and Agriculture Organization said recently that it is planning to launch an inspection team into North Korea's flooded areas.

The World Food Program also announced last week that it will provide $25.9 million for North Korean flood victims this year.

It has launched a campaign to feed 1.5 million North Korean flood victims, three times as many people as last year.

The first shipment of relief aid is expected to arrive in Pyongyang in mid-August, it said.

North Korea analysts believe that Pyongyang will ask for greater aid than last year.

"The international society is expected to offer more relief aid for North Koreans as floods inflicted greater damages this year," said Yi Hon-kyong at the Research Institute for National Unification.

He said that world relief groups are expected to continue to supply aid to Pyongyang on humanitarian grounds. But South Korea has reservations about additional food aid.

The South Korean government has offered to provide additional food aid to the North if it accepts the four-way peace talks proposed by Seoul and Washington last April.

The proposal for talks, which would involve China as well, came a few weeks after North Korea staged armed incursions into the Demilitarized Zone in a attempt to dismantle the current Armistice Agreement.

North Korea has yet to show a response to the proposal which is to replace the 1953 Armistice Agreement with a new peace treaty.

A South Korean government official said that this year's flood damage may force the North to respond favorably to the proposal.

"If the food crisis keeps worsening because of the flood damages, North Korea may show some changes in its hostile attitude to the South," he said.

"North Korea knows that we are the only ones that will help them out of brotherhood," he added.

South Korea has provided North Korean flood victims with 150,000 tons of rice last year and mixed powdered food grains worth $3 million earlier this year.

ROK: DPRK Reportedly Asks World Vision for Flood Aid

SK0608125896 Seoul YONHAP in English 1230 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — North Korea which suffered extensive flood damage late last month has recently asked the World Vision and some other nongovernmental organizations [NGO] for additional flood assistance.

A source at World Vision Korea said Tuesday the North Korean mission to the United Nations made the request to the World Vision twice toward the end of last month and early this month.

He said North Korea wanted in the request to have foods and medicines in quantities similar to those they asked last year.

"Our understanding is that North Korea has contacted not only the World Vision but some other NGO's, too, for assistance," the source said. "The requested NGO's seem planning to discuss second-phase assistance for North Korea."

Meanwhile, North Korea late last month requested the United Nations through a UNDP (United Nations Development Program) official posted in Pyongyang to send special envoys to North Korea to observe the extent of recent flood damage.

ROK: IRC: Areas in DPRK Lost 60 Percent of Rice Yield

SK0608142296 Seoul KBS-1 Radio Network in Korean 1100 GMT 6 Aug 96

[FBIS Translated Text] The food supply in North Korea is heading for a crisis situation due to the floods of the past two years, revealed an International Red Cross [IRC] official who visited Pyongyang.

Jeff Dennis, who stayed in North Korea for the last ten weeks as a North Korea-based official of the International Federation of the Red Cross, and who supervised the rice distribution process, arrived in Beijing today.

He said during a news conference that the hard-hit areas have lost 60 percent of the projected rice yield because North Korea has suffered flood damage for two years running. He added that there is little to eat in North Korea at present, and in particular, the southern areas, which suffered torrential rains for three days, are not likely to yield crops for the second year in a row.

ROK Studies Ways To Remove Land Mines in DMZ

SK0608110296 Seoul YONHAP in English 1020 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — Defense Minister Yi Yang-ho said Tuesday his ministry would seek ways to remove land mines in the Demilitarized Zone [DMZ] separating the two Koreas in joint South-North efforts.

Testifying at the National Assembly Defense Committee, Yi said conventional land mines have been laid in the DMZ area in preparation against a surprise attack by the North.

He made the remarks in response to an opposition lawmaker's suggestion that the South propose an arms control meeting to the North to discuss the removal of land mines.

Minister Yi also said that of the 34 tons of ammunition washed away in the recent flood, 11.7 tons have been retrieved so far.

He said that in addition to the ammunition, 54 pieces of fire arms and other equipment were also lost in the heavy rains, of which, he said, 41 items including some K-1 rifles have been recovered.

"The army will retrieve all the remaining ammunition and equipment in sustained search operations," the defense chief said.

ROK: North, South Red Cross Officials Discuss Remains Return

SK0608062596 Seoul YONHAP in English 0609 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — Red Cross officials from Seoul and Pyongyang have tentatively agreed on the return of the remains of two North Korean citizens, which drifted downriver to the South during heavy rains late last month, to the North through the truce village of Panmunjom 2 PM [0500 GMT] Wednesday.

The agreement, reached at a meeting held in the truce village Tuesday, was tentative because the Pyongyang officials said they would decide whether or not to receive the bodies after they have identified them as North Korean citizens.

After receiving the information about the remains at the meeting, the officials from Pyongyang were only able to identify one body and said it would take time to identify the other.

So a final repatriation agreement will be reached at another meeting in which Pyongyang will agree to receive both bodies after it identifies them as North Koreans.

Seoul officials, meanwhile, requested that Pyongyang immediately return South Korean novelist Kim Ha-ki who the North indicated had been arrested for reportedly violating its northern border along the Tumen River.

ROK, DPRK Red Cross Agree To Return 2 North Soldiers 7 Aug

SK0608083296 Seoul YONHAP in English 0751 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — Red Cross officials from Seoul and Pyongyang have agreed on the return of the remains of two North Korean citizens, which drifted downriver to South Korea during heavy rains late last month, to the North through the truce village of Panmunjom at 11 AM Wednesday [0200 GMT 7 August].

The final agreement was reached over the phone Tuesday afternoon. In the morning, both sides had "tentatively" agreed to deliver the bodies at 2 PM, Wednesday, because the Pyongyang officials said they were only able to identify one body and said it would take time to identify the other.

The Tuesday contacts between South and North Korean Red Cross officials were made in five months since March when the two sides had contacts to discuss on the repatriation of seamen and bodies of a North's freight vessel to the North.

In the meantime, Seoul officials were known to have requested that Pyongyang quickly return South Korean novelist Kim Ha-ki who is now being detained and investigated by the North for allegedly violating the socialist country's northern frontier.

ROK: Plans for Return of DPRK Soldiers' Bodies Detailed

SK0608110196 Seoul YONHAP in English 1051 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — South and North Korea agreed Tuesday to deliver and accept the remains of two North Korean residents Wednesday [7 August] afternoon at Panmunjom. The remains drifted downriver to the South in the recent heavy rains.

Kim Kyong-ung, spokesman of the National Unification Ministry, said the delivery will take place at a path between the conference room of the Neutral Nations Supervisory Commission and the main conference room of the Military Armistice Commission at 2:30 PM [0230 GMT] Wednesday.

In a press briefing, Kim said that at the Red Cross officials contact held at Panmunjom Tuesday morning, the South offered to return the two sets of North Korean remains.

However, the North said they would let the South know later whether the North would accept the remains because the identity of one of the two sets couldn't be determined.

The morning contact lasted only 25 minutes, the spokesman said.

In the afternoon, the North informed the South in a telephone message that they would take over both bodies Wednesday.

Also at Tuesday's contact, the South, reminding the North of the Aug. 5th telephone message from Korean National Red Cross President Kang Yong-hun, asked for the early return of novelist Kim Ha-ki known to be staying in North Korea.

North Korean delegates said their Red Cross referred the message to a relevant office which said that it was investigating him and that how to handle him would be determined upon the completion of the investigation, according to the spokesman.

ROK: DPRK Diplomat Comments on Kim Chong-il Assuming Top Posts

SK0308005696 Seoul YONHAP in English 0039 GMT 3 Aug 96

[FBIS Transcribed Text] United Nations, Aug. 2 (YONHAP) — A senior North Korean diplomat said Friday that he is confident that Kim Chong-il will assume the state presidency and the head of the workers' party around the time the three-year mourning period for the death of President Kim Il-song ends.

"A state supreme leadership organization election' for power transition will take place around the time when the three-year mourning period ends," acting ambassador to the United Nations Kim Hyong-u told reporters at UN headquarters. [punctuation as received] Kim, however, refused to elaborate.

The diplomat said, "if North Korea had now a pressing issue now, it would be the problem of rehabilitating the granary of South and North Hwanghae Provinces, which were battered by heavy rainfall last month on top of the immense damage it suffered from the heaviest deluge in 100 years last year."

Pyongyang will "continue to accept aid from the foreign community if it is offered on humanitarian grounds," he added.

Touching on the proposed four-way talks for peace on the Korean peninsula, Kim said that his government was still asking the United States to give a "clear-cut explanation" of the intentions behind and purposes of the proposal.

Efforts should be made between Washington and Pyongyang which he said are the parties directly concerned with the armistice agreement to substitute the truce with a tentative peace accord for the eventual easing of tensions on the Korean peninsula, Kim pointed out.

The press conference was the first Kim gave since he replaced Pak Kil-yon as ambassador of the North Korean mission to UN headquarters earlier last May.

ROK: DPRK's Kim Chong-u: 400 Foreigners To Attend Najin Forum

SK0208100296 Seoul YONHAP in English 0921 GMT 2 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 1 (YONHAP) — North Korea has almost completed preparations for an international investment forum that will be held in the Najin-Sonbong Free Economic and Trade Zone Sept. 13-15, and some 400 foreign investors from 20 nations are expected to attend, a ranking North Korean official has reportedly said.

Kim Chong-u, chairman of the External Economic Cooperation Promotion Committee, made the remarks in a recent interview with "CHOSUN SINBO" published by Chochongnyon, a pro-Pyongyang federation of Korean residents in Japan.

Kim said that there are four or five ways for participants to enter the North's free trade zone. "They can fly from Beijing to Orang Airport, North Hamgyong Province, and take a train to the zone; or travel from Niigata to Najin by ship," he said.

He said, however, that Korean businessmen residing in Japan will be able to enter the trade area via Pyongyang.

With regard to accommodations, Kim said the Najin Hotel was completed at the end of last month, and construction work on Sonbong Hall is being expedited.

North Korea will also install 500 cellular phone lines and 15,000 operator-assisted circuits sometime early this month, the official added.

ROK: DPRK Tightens Surveillance on Potential Defectors

SK0408111996 Seoul MUNHWA ILBO in Korean 3 Aug 96 p 17

[Report by reporter Kim Sung-hyon]

[FBIS Translated Text] North Korea is tightening its surveillance on residents who show signs of wanting to escape from the North, and is blocking escape routes near the border. Since many residents defect to the South through the PRC, North Korea is operating an organization in the PRC, centered around North Koreans residing in the PRC, to arrest those who escape the North.

According to related authorities, North Korea recently announced a decree stating that any suspicious acts by residents, such as selling their household possessions or buying gold and maps, must be reported, and that people who do not report this, even though they know about it, will be punished.

Therefore, security agents are conducting a concentrated surveillance of residents who purchase only essential household goods, labelling them as those who have given up life in North Korea and are attempting to escape the North.

However, in reality, there are many who sell their household goods to purchase food during the food shortage. Defectors convey that when strict investigations by the authorities continued, there was great opposition to this, with the residents saying: "Does it mean we should do nothing even though we are starving to death? What is it wrong to sell my goods to obtain food and to live?"

North Korea is also tightening its surveillance on smugglers and on those with criminal records who reside in North Hamgyong and Yanggang Provinces, which are situated near the border, because it is felt these people are more likely to escape the North. Since these provinces border the PRC, the citizens there know much about an open society. Also, due to an increase in dissatisfaction over North Korea's society, over 10 people attempt to escape the North everyday.

Along with this, North Korea is tightening its surveillance in the region near the border with the PRC and Russia. They arrest in advance those who plan to escape the North, and are bent on blocking the escape routes of the residents.

When there were no diplomatic relations between the ROK and the PRC and between the ROK and Russia, the only escape route for North Koreans was across the armistice line. However, after the establishment of diplomatic relations with the PRC and Russia, North

Koreans have been escaping the North by crossing the border of these countries, then request to defect through our diplomatic bases of operations.

North Korea is trying to block the single route to Russia which links Najin with Hatsan [name as transliterated] through the Najin- Sonbong development zone.

Development in the Najin-Sonbong region is intended to achieve economic development by using foreign capital and technology as well as North Korean manpower. However, Pyongyang also plans to block off the Najin-Sonbong region so that the capitalist influence will not spread, moving into the area residents who come from a good social background and who can endure the capitalist shock to this region.

However, because the escape route along the border with the PRC, which is linked to the Tumen and Amnok Rivers, is long, there are limits to controlling those who escape the North and to arresting them in advance.

In this regard, by using an organization of North Koreans who possess North Korean nationality and reside in the three northeast provinces, North Korea is tracking down and arresting North Koreans who escape to the PRC. This "organization of Koreans residing in the PRC" is executing "private police rights" by arresting North Korean residents who sneak into the PRC and are returning them to North Korea.

North Korea is making efforts at home and abroad to block such escapes, but they continue due to the serious food shortages.

Related authorities feel that if the blockage of the border is tightened by North Korea's authorities, it is expected North Koreans, along with their families, will escape via the sea.

ROK: Ministry 'Pessimistic' About DPRK Offer To Open Air Space

SK0408050296 Seoul THE KOREA TIMES in English 4 Aug 96 p 1

[By staff reporter O Yong-chin]

[FBIS Transcribed Text] South Korea is waiting to see if North Korea will follow up on its announcement, made through a world aviation organization, to open up its air space to international airliners including those from the South.

"The government is willing to talk with the North about using its airspace," a civil aviation official said. "But I think that the North is not sincerely offering its air space. This is probably a ploy to get more financial help internationally."

The International Air Transport Association (IATA), a worldwide fraternity of 234 airlines and industry firms, said Friday that the North had agreed to open its air space by December and that all airliners will be allowed to use it.

Once the North opens up its skies, many airlines including those serving the Seoul-North America routes in particular will be able to use the shorter route passing over North Korean territory and save up to $125 million in fuel.

The Construction and Transportation Ministry, which is responsible for civil aviation, however, is pessimistic about the prospects of the North following up on its announcement with any practical discussions soon.

"First of all, the North will have to establish agreements with neighboring countries, including South Korea, so that flights through their air space can be controlled," a ministry official said, wishing not to be identified. "Without such agreements, it is quite possible, for example, aircraft which entered the South from North Korea might be considered enemy ones and intercepted."

Another reason for doubt about the North's announcement is the reluctance the North has shown to opening a single direct route connecting Seoul with Najin and Sonbong, areas in the North designated as special economic zones.

A number of countries, including South Korea and the United States, also tried to talk the North into opening the air route for the direct provision of materials to build safer nuclear reactors but the North resisted the offer, suggesting all flights detour through third countries such as Russia.

"The North's announcement is a rerun of promises made in the past but which were not followed up," the ministry official said. "I believe that the North is just whetting the appetite of airlines wishing to use its air space in an attempt to trick them into paying for the modernization of its air control systems, which are outdated and not up to international standards," he added.

The North's civil aviation services are all but nonexistent as the country maintains regular flights only on three routes from Pyongyang to Beijing in China and Moscow and Khavarovsk in Russia.

A senior aviation official repeated the government response given when it was asked by American airlines to let them enter South Korean air space from the North last year. "First, we have to settle with the North air control issues and the guidance of flights using the air space of both countries," he said.

"In my opinion, the IATA is probably just repeating empty publicity statements released by the North or is being pushed by strong U.S. airlines lobbying to get the idea on the agenda," he said, stressing the private status of the IATA and the fact its decisions do not have binding force even on its members.

Meantime, the ROK Air Force said that it will be on top of the situation should the North open up and there be flights entering the South from the North.

"We are able to put all flights using our air space under microscopic scrutiny and people can rest easy about the possibility that the North might shadow civilian aircraft to enter our air space and attack Southern targets, he said.

ROK: Article Analyzes DPRK Intent To Open Its Skies

SK0408044696 Seoul CHOSON ILBO in Korean 4 Aug 96 p 5

[Article by reporter Ku Song-chae]

[FBIS Translated Text] North Korea has steadily taken follow-up measures since it announced its plan to open its skies in December 1994. Among them is the announcement of an agreement between North Korean authorities and the International Air Transport Association (IATA) that North Korea's opening of its skies will be realized in December.

The government views this action by North Korea as a demonstration of its will to open itself up.

The North Korean action is in contrast with its previous attitude toward opening its skies, which was negative due to worries about espionage. Observers note that North Korea must have decided that this is necessary to create an atmosphere for foreign investment in the Najin-Sonbong area.

If new air routes are established, North Korea could also earn foreign currency by collecting flight control charges and fees for using its territorial airspace.

It is customary for foreign airlines to pay $500 to $1,000 per flight for flight control charges, and half of the cost of the fuel saved by the shortened flight from using the territorial airspace. Therefore, North Korea can earn tens of millions of dollars in hard currency annually this way. With this money, North Korea could replace its old planes with new ones.

Moreover, North Korea could improve its flight control facilities as well. In the discussion with IATA officials who visited Pyongyang in July, North Korea obtained IATA assent to financial and technological assistance for improving its flight control capability, including the introduction of sophisticated radar.

However, North Korea has not made specific moves, such as providing a channel to discuss the signing of an inter-Korean flight control agreement. In the meantime, some in our government assert that the signing of the flight control agreement that North Korea wants should be linked to improvements in inter-Korean relations, including the realization of the four-way talks. Therefore, it is uncertain whether regular civilian air routes will be established in North Korean skies in December.

ROK Official: DPRK Doubts Need for PRC Role in 4-Way Talks

SK0308064096 Seoul TONG-A ILBO in Korean 3 Aug 96 p 2

[Report by Pang Hyang-nam]

[FBIS Translated Text] Through various channels, North Korea has expressed doubt on the necessity for China's participation in the four-way talks, further darkening the future of the four-way talks.

China, being aware of North Korea's stance, is assuming a lukewarm attitude by refraining from directly supporting the four-way talks and stating that it will respect North Korea's opinion.

A Foreign Ministry official confirmed on 2 August: "In contacts with the United States, North Korea has cast a doubt on whether it is truly necessary to include China in the four-way talks."

He then explained; "Accordingly, convincing North Korea of the need to include China in the four-way talks is as important to successful talks as assistance to North Korea is."

ROK Editorial Urges 'Bailout' for Firms Hurt by PRC Imports

SK0308013696 Seoul THE KOREA ECONOMIC WEEKLY in English 5 Aug 96 p 12

[Editorial: "Onslaught of Chinese Products"]

[FBIS Transcribed Text] The extent to which the Korean market has been inundated with Chinese products is simply astounding. Early on, imports from China were mainly agricultural products. Recently, however, manufactured goods from that newly industrializing country—ranging from tooth-picks to electronic goods—are putting up encroaching competition. According to a recent government report presented to the National Assembly, some imports from China have reached the point where they have wiped out local products from the market. What is appalling is that all this happened just over a period of a few years.

Fortunately, we have traditionally enjoyed a surplus in our trade with this rapidly industrializing country. Last year, for instance, with $9.1 billion in exports versus $7.4 billion in imports the balance of the bilateral trade posted $1.7 billion in favor of Korea. The feature of the surplus was strongly defined by good performance of heavy industrial products shipped by Korea's big businesses while in trade of small-business products Korea was greatly outdone by China.

What has helped China's light industrial products to launch such a successful onslaught on Korean market could be explained in several ways. It's true that Chinese products are so cheap domestic products are no match for Chinese counterparts in terms of price. But in all fairness it is important for us to recognize that their dramatic advances into Korean market have had much to do with improvement they have made in terms of quality. In fact, the quality of recently imported Chinese goods is so good as to disprove the conventional wisdom of consumers that cheap things are rarely worth the hunting effort.

Now a look at the woeful fate that has befallen domestic products of light industry forcing them to bow one by one to the inevitable ends will bring home to us the seriousness of the situation and the need to do something to bail out the beleaguered domestic industries. This, however, is not to suggest that there should be an outright action on the part of policy makers to restrict access to our market for imports from China. Rather there should be measures that will help boost competitiveness of promising local industries. A crucial point in planning a bailout should be targeting those products that show long-term commercial viability. Another thing that should do a great deal to alleviate the difficulties of small business will be securing access for this industrial sector to reasonably priced production materials. In this respect elastic application of tax rules to the materials imported by small enterprises should serve the purpose. Also, development of import substitutes ought to be strongly promoted through substantial financial support and tax incentives.

ROK Agrees To Deduct Overdue Interest for Russia

SK0608061396 Seoul YONHAP in English 0443 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — South Korea has agreed to deduct 13.4 million U.S. dollars in overdue interest from Russia's debt if Moscow keeps the service schedule set for this year and beyond. The agreement was reached at a working-level meeting held between the two nations in Moscow July 29-Aug. 2, according to the Finance and Economy Ministry Tuesday.

In July last year, Russia agreed to reschedule the servicing of the 450.7 million-dollar debt, which it promised to repay in 1993 but failed to do so, spreading repayment over four years, — 171.5 million dollars in 1995, 166.6 million dollars in 1996, 67.6 million dollars in 1997 and 45 million dollars in 1998.

Ministry officials said if Russia delivers the newly-promised 231 million dollar worth of enriched uranium by the end of this year, as well as helicopters and other items, rather than the previously promised 90 million dollar worth of steel, it will have repayed 80.3 percent of the amount due for 1995 and 1996. It has already delivered 40.4 million dollars worth of aluminium and helicopters as repayment on debt due last year.

The 231 million dollars worth of goods Russia agreed to deliver by the end of this year includes weapons worth 154 million dollars, aluminum worth 51 million dollars, enriched uranium worth 18 million dollars and helicopters worth 8 million dollars.

ROK: Russia Agrees To Supply Enriched Uranium in Debt Repayment

SK0308014196 Seoul THE KOREA TIMES in English 3 Aug 96 p 1

[FBIS Transcribed Text] Russia promised to provide enriched uranium for power generation and helicopters to Korea as part of steps to repay part of its overdue debts to Korea.

The agreement was made between Hyon Chong-taek, the director general for the External Cooperation Bureau at the Ministry of Finance and Economy, and his Russian counterpart A. Smirnov in Moscow yesterday.

Russia said it would replace steel with enriched uranium and helicopters, both worth $90 million, to repay part of its overdue debts and interest, according to the Ministry of Finance and Economy. Korea provided $1.4 billion in loans, including commodities, to the former Soviet Union when the two nations established diplomatic relations in 1990.

So far, Moscow provided $40.4 million dollars worth of aluminum ingots and helicopters to Korea. Even if Moscow fully implements the commitment, it would pay only $231 million in kind to offset the $450.7 million in overdue debts and interest, which Russia should have paid in the year 1993.

There is no comment on when Russia will repay its debts in arrears for the period of 1994 through this year.

The ministry said Deputy Premier and Finance-Economy Minister Na Ung-pae will visit Russia in late October or early November to participate in the first Korea-Russia economic cooperation meeting.

ROK: MOTIE Reports on Jul Trade Figures

SK0208014496 Seoul THE KOREA TIMES in English 2 Aug 96 p 8

[By staff reporter No Chun-hun]

[FBIS Transcribed Text] Exports registered negative growth for the first time in 42-months and the trade deficit on a customs clearance basis exceeded 10 billion dollars last month, the Ministry of Trade, Industry and Energy said yesterday.

In its monthly report, the ministry said exports in July were 10,156 million dollars, a fall of 3.1 percent over the same month the previous year, while imports were 12,855 million dollars, up 13.7 percent.

The 2,698 million dollar difference between imports and exports took the combined deficit for the year to 10,349 million dollars, already 3.3 billion dollars more than the initially projected 7 billion dollars.

Trade conditions are expected to get worse with the increase in the issuance of import licences by 28.9 percent in the first two thirds of last month, pushing the seven-month total to 83,408 million dollars.

On the other hand, the receipt of letters of credit (L/Cs), an indicator of export trends two to three months in advance, again dropped, falling 4.2 percent to 39,534 million dollars.

Owing to such trends, the projected trade deficit for the year is forecast to hit 12-14 billion dollars, the highest in history and higher in particular than last year's 10.06 billion dollars.

"Basically, the increase in the projected trade deficit is a direct function of the performance of semiconductors, whose prices are continuing to plummet sharply," said Yi Chae-kil, director general for trade policy.

He said while the volume of semiconductor exports has been increasing by a large margin, as much as 114.2 percent in the first 20 days of last month, they have been continuing to fall in value, dropping 37 percent to 621 million dollars.

The prices of 16M DRAM (megabit dynamic random access memory) chips in the international spot market fell from 40 dollars in March to 22 dollars in April, 11-13.5 dollars in June and 9-11 dollars last month.

Similarly, the volume of shipments of such products as petrochemicals increased 15.1 percent in the first half at the same time as exports were taking a beating, dropping by an average of 9.5 percent, due to falling prices in the international market.

"At the same time, poor export performance is a general trend in the global market. The export growth of 11.8 percent in the first half of this year was considerably higher than the -8.6 percent in Japan, -8.2 percent in China, 4.3 percent in Hong Kong and 6.4 percent in Taiwan," Yi noted.

Another factor affecting the export performance has been the labor disputes at major automakers in recent months and the summer vacation which has shut down factory operation. Explaining import trends, he said the sudden surge in inbound shipments is largely due to the cut in import tariffs on 37 basic industrial materials, including oil, natural rubber and cotton yarn.

Yi said, imports actually fell 1.1 percent in June and the steep increase registered last month was seen generally as a temporary condition which will not continue in the remaining months of this year.

He elaborated, "Many oil and iron and steel companies will expand their facilities in the third quarter of this year and the import of capital goods appears to have been concentrated on last month."

Owing to the aggravated trade conditions, Yi said, total exports for the year are projected at around 135 billion dollars, about 7 billion dollars less than the initially forecast 142 billion dollars.

"Semiconductor exports fell 2.1 billion dollars short of the projected 12.5 billion dollars and this has been reflected in the trade figures," Lee said, adding that changes in the prices of chips, steel and petrochemical products will directly affect the trade balance for the year.

ROK: Swiss Official on ROK Entry Into OECD, Cooperation

SK0208015096 Seoul YONHAP in English 0042 GMT 2 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 2 (YONHAP) — Switzerland supports South Korea's entry into the Organization for Economic Cooperation and Development, Swiss Vice President Arnold Koller said Thursday.

"Korea would be a good member and a leading country in the OECD," he told reporters at the Swiss Grand Hotel in Hongun-tong, northwestern Seoul. He later gave the keynote address at a reception commemorating the Swiss National Foundation Day.

Koller, concurrently Swiss justice and police minister, arrived in Seoul Wednesday for an official visit at the invitation of Justice Minister An U-man.

Switzerland is the fifth-largest investor in South Korea, with bilateral trade reaching 1.8 billion U.S. dollars last year.

"Bilateral cooperation must be rapidly developed," he said, adding that expanding ties with booming economies in Asia would give the sluggish Swiss economy bigger potential to grow as well.

He said he had discussed with An the issue of extradition and concluded that a treaty would not be necessary to address the issue, saying that the legal systems of both nations were sufficient enough to deal with it. The two ministers agreed to utilize all legal means to cooperate in judicial assistance.

He also reiterated that no accounts belonging to ex-President No Tae-u were found in Swiss banks after an investigation by the Swiss attorney general.

In his talks with Prime Minister Yi Su-song and Foreign Minister Kong No-myong, the Swiss official reasserted the validity of the Korean armistice treaty and said his nation would go ahead with its contribution to the Neutral Nations' Supervisory Commission (NNSC). He expressed his nation's commitment to the NNSC and its willingness to play any additional role requested by the parties concerned.

Switzerland, currently chairing the Organization for Security and Cooperation in Europe (OSCE), will also "get back" to Seoul's wish to gain observer status in the OSCE, he said.

Koller emphasized the need to boost cooperation in science and technology in his meeting with Science and Technology Minister Chong Kun-mo, expressing his satisfaction with the first Korean-Swiss roundtable on science and technology held last year.

ROK Informs OECD of Timetable for Opening 8 Market Sectors

SK0308061196 Seoul THE KOREA TIMES in English 3 Aug 96 p 9

[FBIS Transcribed Text] The Korean Government yesterday sent a letter to the Organization for Economic Cooperation and Development (OECD), setting out a timetable for the opening of eight sectors, including the bond and stock markets.

In the letter, it said Seoul plans to scrap its rule requiring local firms to come up with at least 10 percent of their outward direct investment from their own capital in 1998.

The Ministry of Finance and Economy (MOFE) said the self-funding requirements, introduced last year were aimed at preventing domestic firms from taking risks which could ultimately threaten the savings of shareholders and creditors, particularly local banks.

The self-financing ratio rises to 20 percent for amounts exceeding 100 million dollars.

Many business groups, however, contended that MOFE intentionally sought to restrict outbound investment. Even the OECD said it was an unnecessary rule.

The plan was contained in a letter sent to the OECD by the Korean Government. The OECD had asked Seoul to clarify its position on the bond market and seven other issues, and to provide a concrete timetable for financial market opening, before its decision-making ministerial meeting reviews Korea's membership requirements late in September.

In the letter, Seoul said it will allow foreigners to buy Korean companies freely from next year, as long as their plans are endorsed by existing major shareholders. But it said it will retain the right to approve the foreign purchase of 70 big established firms capitalized at more than two trillion won, if foreigners want to become the largest shareholders. Seoul also made it clear that it will not allow "hostile" takeovers of Korean firms by foreign corporate raiders.

The government also said it will allow local importing firms to get financing from foreign exporters for periods longer than 180 days from the year 2001. It also committed to abolishing a rule barring local exporters from getting advances from foreign importers before the shipment of goods "before 1999."

The Korean government also said in 1999, it will adopt a negative list system in screening firms eligible to raise capital overseas by floating equity-linked bonds. This means all firms will be allowed to go overseas to issue equity-related stocks unless their issues are likely to have a negative impact on Korea's credit standing.

Next year, local firms participating in public infrastructure projects will be able to issue equity-linked bonds overseas. It said from next year, foreign-invested enterprises here will be able to borrow, within a pre-set quota, loans with maturity of more than five years, from their parent companies or head offices. The money must be spent to import foreign equipment.

However, by the end of 1999, foreign firms engaged in manufacturing business will be free to use the money they borrow in any way they want, within a pre-set quota.

Ministry of Finance and Economy officials said Seoul will be unable to allow the free inflow of foreign capital until the interest gap between Korea and abroad is narrowed to less than 2 percentage points. Only when the gap is reduced to less than 2 percentage points, will Korean firms be able to take in foreign loans freely, they said.

It said a full-scale bond market-opening will also not be possible until the interest gap is lower than 2 percentage points. But in addition to the preannounced limited bond market-opening, the government will allow foreigners to buy non-guaranteed convertible bonds issued by big firms in 1998, according to the Ministry of Finance and Economy.

It said the individual foreign investment ceiling in each Korean listed company will progressively rise to 10 percent by the year 2000. But it said it has no plan to scrap the individual ceiling even when the aggregate foreign stock ownership limit is scrapped in the year 2000.

ROK Editorial Criticizes Government for 'OECD Obsession'

SK0608053996 (Internet) The Digital Chosun Ilbo WWW in English 1202 GMT 5 Aug 96

[Editorial: "The Dangerous OECD Obsession"]

[FBIS Transcribed Text] The government's Additional Liberalization Plan submitted to the OECD in a last ditch effort to obtain membership before the year is out is consonant with an over- zealous desire to expedite joining this organisation. Indeed, the plan has the potential to yield injurious after-effects in respect of certain areas including the enhanced promises of liberalization.

Of course it was appropriate to expand to some degree the government's liberalization pledges in light of the positive and hopeful sentiment embodied in the OECD's final request memorandum put to us. However, in stark contrast to the original Liberalization Plan, we have now in effect [illegible] foreign commercial loans being taken out from 1997, the expedition of the bond market liberalization and the increase in the individual share ownership limit to 10%.

Of course it cannot be denied that our lagging financial industries and capital markets may be able to nurture some fundamental competitive strength through bold liberalization and increased competition initiatives. However, we have real prove of the fact that such competitive strength can only constructed through liberalization if we ourselves are able to maintain control and management over competition, competitiveness being directly proportional to ability, thereby minimizing the malfunctioning and harmful side-effects of liberalization.

The government has adopted too bold a stance in its Additional Liberalization Plan in connection with cash loans, commercial loans, the bond market and stock market. To add to our woes the government plans, in the situation where we suffering from a weak domestic currency and poor international trade management, to permit foreign capital to intrude upon matters. This may bring expose weaknesses and bring about difficulties in the sphere of total currency and management policy and the management of our capital markets.

We should remember that joinder of the OECD will not impinge upon our nation's status internationally, rather it will force us to bring about epochal renovation in regards the management of, and ability to control, our own markets and our ability to effect macro- economic policy. Before opening our economy up to the rest of the world we need to enhance the maintenance and autonomy of our own domestic.

ROK Bars Contaminated, Spoiled Foreign Meat, Produce

SK0508083196 Seoul YONHAP in English 0559 GMT 5 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 5 (YONHAP) — Authorities have directed that about 5.6 billion won (6.8 million U.S. dollars) worth of imported foreign meat, fish, agricultural produce, foodstuffs and processed foods be returned to their original shippers, either because of excessive spoilage or excessive heavy metal contaminants, among other things.

The Health and Welfare Ministry said Monday that 441 products have been disqualified, and they were also found to contain residual amounts of insecticide or chemicals.

By product, marine products made up the biggest item, with 2,348 tons or 67.6 percent of total, then came agricultural produce and processed foods with 1,017 tons or 10.87 million dollars, and meat with 109 tons or 336,000 dollars.

One could see with the naked eye that the 93.5 percent of marine products had either spoiled or contained more than the allowable amounts of bacteria, the ministry said.

The 294 tons of farm produce, and processed foods were in violation of additive use regulations, 235 tons for containing too much colon bacilli and other bacteria, 97 tons for excessive spoilage, and 73 tons validity date violates.

Approximately 3.7 tons of imported farm produce and 89 tons of processed food was found to contain heavy metal elements or chemicals that cause cancer.

About 90 tons of meat was found to have excessive residue from anti-biotic and anti-bacterial elements, as well as agricultural chemicals, while 19 tons were beyond their expiration dates.

Of the 79 countries of origin for these products, 25 countries were disqualified, with the United States taking a substantial 34. 8 percent portion, followed by France with 11.7 percent, and Japan and China with 10.2 percent each.

The Health and Welfare, and Agriculture, Fishery and Forestry Ministries have taken actions to have the disqualified products shipped back to the countries where they came from.

ROK: Decrease in Buying Offices Adds to Weakened Export Climate

SK0608080696 Seoul THE KOREA TIMES in English 6 Aug 96 p 9

[Report by staff reporter Sim Chae-yun]

[FBIS Transcribed Text] Adding to the ever-worsening export environment, the number of buying offices engaging in buying Korean products and mediating exports has drastically decreased in the past few years.

According to the Korea Export Buying Offices Association (KEBA) and related industry sources yesterday, the number of buying offices registered with the organization has dropped by 50 to 100 annually since 1988.

The main reason for the departure of these offices is the weakened competitiveness of Korean products, mainly those in the light industry such as textiles, shoes, leather goods and so on.

In particular, the poor tax structure and lack of governmental assistance as seen in Hong Kong and Singapore have also prompted the exodus of the buying offices, according a KEBA official.

Another reason for the offices' exodus is increasing offshore business with more investment in foreign nations by domestic companies.

KEBA data shows that the number of buying offices registered with the association decreased by 269, or 38.2 percent, during the past five years.

In 1992, there were 705 offices here, including 249 from the United States. The number dropped to 612 the next year and again decreased to 555 in 1994. In 1995, the number stood at 503 and at 436 in 1996.

The degree of export and import mediation by the offices have also decreased or sluggishly increased at best.

In 1988, The amount reached $11.14 billion before it dropped to $9.74 billion in 1990. In 1994, the amount stood at $11.2 billion.

U.S. offices saw a 45.8 percent decrease, a difference of 135 offices, last year compared to 1992, while those from Hong Kong marked 59 offices, decreasing 47.2 percent.

Thirteen, or 46.3 percent, of German offices have left the nation, while 13, or 54.2 percent, of Canadian offices followed suit during the same period.

Ten, or 50 percent, of the British offices left the country. Only an increasing number of Japanese companies have begun to advance here since 1995, when the nation permitted investment by Japan's trading companies here.

The number of offices that have engaged in direct trading of Korean products has decreased by 44.7 percent, from 454 to 251.

The number of those that have been providing department stores and other distribution stores with goods from abroad has also dropped drastically.

"The exodus of foreign buying offices here is a very serious matter for the nation's export growth as the offices have played the main role in export promotion so far," said Yi Sang-yon, in charge of administrative affairs of the KEBA.

What matters most in this regard is that the government appears to have no intention and understanding of why the offices should be assisted. For example, the average income tax for the offices amounts to 31.9 percent, higher than that levied on entertainment facilities, Yi told The Korea Times.

"Governmental assistance in terms of tax, finance and information benefits is especially necessary ahead of China's takeover of Hong Kong next year so that the nation can establish itself as a promising base for transit trading," he said.

At present, the situation is at its worst, and the climate is not likely to improve for the time being. Our only hope lies in North Korea's opening to the outside world, which would help the nation's bid to become a base of transit trading.

ROK: Police Plan New Search System in Tracking Criminals

SK0508024496 Seoul THE KOREA HERALD in English 5 Aug 96 p 3, 5

[By staff reporter Chun Kwan-u]

[FBIS Transcribed Text] The nation's immigration stands in airports and harbors will see less inconvenient and more thorough inspections in the near future, according to a plan of the Interpol Seoul office.

Beginning next year, the National Police Agency (NPA) plans to introduce a three-dimensional graphic search system, assisted by computer technologies, to detect wanted criminals.

"Photographs of those entering harbors and airports would be taken by cameras automatically and instantly analyzed and compared to those wanted by the police," Lt. Yi Chon-nam of the NPA said.

Yi, who is in charge of developing the graphic search system at the NPA's Interpol Seoul office, said the system is still undergoing testing and development, but it is close to being ready for full operation.

"The NPA has secured all fundamental technologies necessary to implement the new computer graphic search system," he said. "The only remaining question is how and when to implement the system."

Yi said that all photos of those entering harbors and airports will be transferred into electronic data and fed into the new computer system at immigration stands.

The electronic data, some of which analyzes the width between the eyes and the location of the nose on the faces of entrants, are compared to those of wanted criminals.

"The system will not just compare photos to photos but also overlap and scrutinize them on a three-dimensional basis," another Interpol agent said.

In a preliminary stage to establish the new search system, the NPA's Interpol Seoul office plans to connect its computer system with the Interpol headquarters in Lyons, France by November.

"The links with Interpol's Lyons office would instantly give the NSP information on some 5,500 international criminals through the Automatic Search Facility (ASF) system," the Interpol agent said.

The Interpol's ASF provides the NPA with profiles on criminals, including head-and-shoulder photographs, fingerprints, basic information related to their childhood backgrounds and past criminal records.

But it has loopholes in detecting wanted criminals, the agent said, because the ASF will be helpless when criminals forge identification or disguise their appearances. "In disguise with fake names and counterfeit passports, they could sneak into the nation without being detected by the nation's search system," he said.

The need for a more sophisticated criminal search system has been raised by officials of the NPA's Interpol office, who suspect that an increasing number of foreign criminals will be entering the country.

Collaborating with a computer engineering professor at Myongji University in Yongin, Kyonggi Province, the Interpol office in Seoul started developing the new system in 1991.

Prof. Choe Chang-sok of Myongji University and the Interpol Seoul office held a presentation of the high-tech graphic search system last June to verify its efficiency.

"The presentation showed that we could find the system sensing the changed images of wanted figures." Prof. Choe said.

He explained that the new system is designed to detect criminals based on individual information on 648 divided segments on the face on a three-dimensional basis.

Contrary to past search methods, which were completed by comparing mug shots and photos, the new search completes the search in 25 seconds, with the possibility of shortening the time to one or two seconds, Choe said.

The nation's current search systems, installed at harbors and airports depends solely on matching personal information such as photos, age, sex and names .

Through the use of the current system, police and immigration officials had to take pains to retrieve, search and compare numerous criminal files from the NPA's host computer.

"It usually takes a couple of minutes, at times longer, for officials to input, output and compare personnel information," said Yun Chong-kyong, researcher of the Interpol.

According to Yun, the NPA's high-tech search system, assisted by advanced computer technologies, would take a couple of seconds without cumbersome manual labor.

Last June's presentation convinced the NPA that the new system will indeed provide more speedy and water-light [watertight] detection of criminals, Yun said.

ROK Article Previews New International Airport in Chongju

SK0608053796 Seoul THE KOREA HERALD in English 6 Aug 96 p 8

[By staff reporter Pyon Eun-mi]

[FBIS Transcribed Text] A soon-to-open international airport in Chongju, some 130 km south of Seoul, will be hailed as the nation's first airport that can operate round-the-clock.

Built on a remote secluded tract of land, it will be free from the threat of noise pollution lawsuits, the thorniest issue for any airport.

But, ironically, when the airport opens next March, it may be hard to find airplanes arriving and departing from it.

Aviation experts say that the airport's inappropriate location and low air traffic demand for the area will make it unlikely to attract international flights.

"There is not enough demand for regular international service in the Chongju area. Without sufficient demand no airline company can operate regular services," said an airline company official.

As for domestic flights, aviation experts say that only two services to the southern port city of Pusan and the southernmost resort island of Cheju will be profitable.

Situated in the central part of the nation, Chongju is within a two-hour drive from the nation's transport hubs, including Seoul.

"When you can get everywhere within a two-hour drive, who will bother to ride an airplane?" said the official.

An official at the Ministry of Construction and Transportation conceded that because of low demand and an unsuitable location, drawing international and domestic flights is quite a task.

But he expressed optimism, saying that given the nation's chronic shortage of capacity in transport facilities, there is no need to worry that the airport will be left idle.

"Initially, few might use the airport, but I have faith that eventually supply will lead to create more demand," he said .

Some logistics experts agree with his view, but aviation insiders point out that the argument does not hold credence as the situation involves another huge international airport being built off the West Coast for opening in late 2000.

"With all our energies and resources directed toward the Inchon International Airport, we cannot afford to pay much attention to the Chongju Airport," said the airline official.

It is an open secret that the airport project was influenced by political considerations .

The Chongju Airport was conceived in 1984 before the scheme to build the Inchon International Airport was put forward. It had been pushed ahead in connection with the plan to relocate the administrative capital to Taejon, which is nearby Chongju.

As the capital relocation plan was revoked, the airport project was also left out in the cold. Then, in 1988 when President No Tae- u took office, the government abruptly decided to launch the project again.

"Building an international airport in Chongju was one of the major pledges in the presidential and parliamentary election campaigns. Taking account of the unsavory sentiments of the residents in the case that the project is repealed, policymakers met halfway by cutting down the project scale," an industry insider recalled.

The airport has a runway measuring 2,740 meters long and 45 meters wide and another measuring 2,740 meters long and 60 meters wide.

The passenger terminal for international flights has a capacity to handle 1.3 million passengers a year and a passenger terminal for domestic flights to handle 1.2 million passengers a year.

By the end of this year, all facilities will be completed. After a two-month trial operation, it will open next March.

As a way to make the airport more viable, an aviation expert suggested changing the airport into one exclusively devoted to air cargo service.

"Korean airline companies' air cargo volume is growing at a fast pace. In particular, Korean Air is ranked the world's third largest in air cargo volume," he said. "But, the cargo handling facilities at Kimpo International Airport nearly reached full capacity."

The Ministry of Construction and Transportation puts the project cost at 75.1 billion won.

ROK: Yi Hoe-chang's Remarks on Presidential Nomination Viewed

SK0208013296 Seoul THE KOREA TIMES in English 2 Aug 96 p 2

[By staff reporter Kim Yong-pom]

[FBIS Transcribed Text] Rep. Yi Hoe-chang, one of the strong presidential hopefuls in the ruling New Korea

Party, has sent an unexpected ripple through the party this vacation season with the announcement of his wish for an early nomination of the party's presidential runner.

An immediate reaction toward Yi's move came from NKP Secretary- General Kang Sam-chae, spokesman and righthand man of President Kim Yong-sam, Wednesday.

In an initial response, Kang flatly brushed aside any need to nominate presidential candidate at an earlier date.

"It is premature to raise the issue at this time when the presidential election is more than a year away," Kang told the press Wednesday. The election is set for December next year.

In an interview with a weekly, the presidential hopeful Yi indirectly expressed that it was desirable to make the presidential candidate "visible at a sooner date," a clear challenge to President Kim's will.

Early this year President Kim ordered the party to stop any discussion on the presidential nomination issue, apparently concerned about becoming a lame duck. He said it is not late to put up the ruling NKP's standbearer in the middle of next year.

In Wednesday's meeting with the press Kang reiterated the policy of the NKP leadership that the schedule and procedure to choose the presidential candidate should be left in the hands of President Kim.

However, despite the party leadership's posture to shelve the candidacy issue, the party is unlikely to keep a lid on the nomination-related debates any longer.

Given the fact that some of the so-called presidential hopefuls in the ruling camp are "aliens" to President Kim's Minju faction, they would certainly refuse to be subject to the party leadership's control.

For now, other presidential hopefuls are seemingly refraining from engaging in any political maneuvering in their competition for the presidential ticket.

One of the strong contenders for the presidential candidacy, Pak Chan-chong, initially showed a cold response toward Yi's hopes to make the contender visible sooner.

Assuming he had no correct knowledge of the true context and meaning of Yi's remark, Park expressed his own views, "It is doubtful if early nomination of the candidate would be helpful to the party."

Ostensibly brushing aside any need for it, Pak said, "All the matters concerning the nomination should be decided upon according to the party charter and regulations."

"To say the least, I am opposed to the selection of a candidate at a sooner date now that I know few of the representatives in the caucus," Park said casually in a phone interview.

The former independent candidate for the Seoul mayorship joined the NKP right before the April general elections and is now without an Assembly seat, serving only as a standing adviser to the party.

Pak's views coincide with those of NKP chairman Yi Hong-ku, another reportedly strong presidential hopeful who once proposed selecting a candidate in the regular caucus next July or August.

According to the party sources, both Yi Hoe-chang and Pak Chan- chong would likely shun an open competition inside the party as the nomination formula for they sorely lack support from inside the NKP, which is dominated by President Kim's Minju faction.

In that connection, Yi's remark in the interview with a weekly is construed by some as an expression of his hopes for direct nomination by President Kim to skip the procedure of an intra-party competition for the ticket.

Given the fact that Yi joined the NKP right before the April elections at the cordial behest" of President Kim, Lee fully deserves the presidential ticket as a reward, according to sources close to Yi.

In addition, Yi may be at a disadvantage because he has no particular occasion to play up his presence now as a mere standing adviser, sources in the party said.

Against that background, Lee has little choice but to claim his "dues" before it is too late if he joined the party with the ultimate goal of attaining the presidential ticket, observers said.

Once he bares his intention, Yi is expected to keep sounding out Chongwadae's real will concerning the candidacy issue, observers said.

Given that, Yi's move is very likely to rekindle full-scale nomination-related debates at any moment.

ROK: Yi Hong-ku's Chances for Presidential Candidacy Viewed

SK0608085096 Seoul TONG-A ILBO in Korean 6 Aug 96 p 6

[First in a series of articles on possible candidates for the ROK presidency entitled "Those Who Run for the Presidency"; the first installment, by reporter Yim Chae-chong, profiles NKP leader Yi Hong-ku]

[FBIS Summary] Asked by those who wanted to sound out his willingness to run for the presidency, New Korea

Party [NKP] leader Yi Hong-ku said: "I do not like the atmosphere in Chongwadae [presidential offices], nor do I like to fight. Throughout their lives, DJ [Kim Tae-chung] and JP [Kim Chong-pil] have made efforts to become president, and there are many eligible men in the ruling camp. Thus, there is no reason I should add my name to theirs."

After he resigned as prime minister late last year, Yi Hong-ku used to say to reporters who asked him about the presidential election or about rumors of his joining the NKP: "I am not qualified. Being a supporter rather than a leader is more suitable to me. It is of more help to the country for a man like me to speak outside political circles rather than speak inside them." With these remarks, he was said to have an "doctrine of unavariciousness."

However, as Yi's appointment as NKP leader became most probable, his attitude became more active. He then stated: "If there is a position in which I can serve my country, I will accept it." Because of this behavior, "his 'doctrine of unavariciousness' is now interpreted as a 'tactic.'" Since he became the ruling party leader, his behavior has become "more stern." Those close to him say "he has changed," and that "he seems to be preparing for something." However, his aides say Yi "constantly warns himself against appearing to pursue 'self-interests.'" One of his aides expressed this as "mental blocking," saying Yi "seems to have decided to remove the desire to seek the presidency from his mind." Another aide hints that Yi may think that "'walking indifferently,' as he did before becoming the ruling party leader, is the only way to approach the presidency." This implies that among potential NKP candidates for the presidential election, Yi is the one who most depends on President Kim. This is because the president's confidence in Yi began to grow following the inauguration of the current government, and "his political fate depends on how he can create a trusting relationship with the president."

Observers both within and outside political circles feel Yi is "the strongest potential nominee" as an NKP candidate for the presidency. This is based on the "rule-out theory" which states that Yi would be the last man left after ruling out other potential candidates within the NKP for various disqualifications. It will also attract public attention, "if he remains a supporting player, whom he will choose as the main player." In this regard, it is worth remembering that during the local elections last year, Yi strongly recommended former Prime Minister Yi Hoe-chang, the then- ruling Liberal Democratic Party candidate for Seoul mayor.

ROK Defense Committee Holds Session on Barracks Collapse

SK0608064696 Seoul YONHAP in English 0537 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — The National Assembly Defense Committee came down hard on Defense Minister Yi Yang-ho Tuesday in regard to the death of a large number of troops in the collapse of barracks on the western frontline triggered by the downpours late last month.

In a plenary session the committee members, both pro-government and opposition, blamed flimsy flood control measures and crisis control system of the military for the mishaps and called for the establishment of an effective disaster control system by the armed forces.

Reps. Pak Chong-hun and Chong Tong-yong of the major opposition National Congress for New Politics made issue with what they called the lack of safety consciousness in the military, slackened military discipline and flaws in command and reporting channels.

"Even if the disasters were an act of god, it should be thoroughly examined if the military leadership had taken the best possible precautions for them," Rep. Pak demanded.

Rep. Pak Se-hwan of the ruling New Korea Party blamed lax discipline for the collapse of a number of barracks in succession, and called on Minister Yi to "check the discipline from the top to the bottom."

The lawmakers recommended that the amount of compensation for the troops killed in the accidents be increased because of the large gap that exists between what was paid to the families of victims in the collapse of Songsu Bridge, Sampung Department Store in Seoul and the gas explosion at a subway construction site in Taegu.

The committee members also delved into two robbery cases involving a non-commissioned officer last month and an officer last year.

ROK Ministry Plans To Remove Barracks From Steep Slopes

SK0608075196 Seoul YONHAP in English 0634 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — The Defense Ministry, in a bid to prevent the collapse of barracks in landslides from recurring, plans to remove those built on steep slopes.

The ministry disclosed Tuesday a plan calling for a safety inspection of 270 barracks and 653 protection walls and embankments that are put in jeopardy by landslides, and removing those which are found to be dangerous.

The disclosure was made in a plenary session of the National Assembly Defense Committee which is investigating the deaths of 53 troops and seven others missing when barracks collapsed after landslides were triggered by a torrential downpour on the central front late last month.

To expedite prompt rescue and cleanup efforts during disasters, the ministry will consider importing large Russian transport helicopters Mi-26, capable of carrying 20-tons of equipment, and American helicopters CH-53E, that can carry loads of up to 15 tons, the ministry said.

To raise the sum of compensation for military personnel killed in action or similar circumstances to a realistic level, the ministry plans to revise the pertinent law and increase the amount for a private soldier from the current 7.6 million won to 28.5 million won.

The ministry at the same time intends to double the number of classes in the degree of injuries, based on which compensation is paid to a wounded soldier, from the present seven to 14.

Disaster control training will be carried out on a regular basis, the ministry said.

To cope with the possible disruption of communications, the ministry plans to supply cellular telephones to military units, build a radar communication system down to army corps headquarters by next year, and install more public telephone booths for the military.

ROK: NKP Denies Administration To Grant Leniency to Chon, No

SK0608075396 Seoul THE KOREA TIMES in English 6 Aug 96 p 2

[Report by staff reporter Kim Yong-pom]

[FBIS Transcribed Text] Immediately after the prosecution demanded death and life sentences for former presidents Chon Tu-hwan and No Tae-u yesterday, the ruling New Korea Party [NKP] flatly brushed aside speculation that the Kim Yong-Sam administration may grant leniency to the former heads of state, who led the 1979-1980 coup.

"The trial of the former presidents is definitely an inevitable process to bring justice to history. It should never be viewed in any political context," said NKP secretary-general Kang Sam-chae in a meeting with the press yesterday.

"It is regrettable to have two former heads of state stand trial, but any personal or political consideration should never skew verdicts on injustices committed in the past," Kang said, stressing that it is merely his personal opinion, mindful of his status as a party official.

However, the remark from the undisputed right-hand man of President Kim Yong-sam is accepted as an indication that the administration will not grant any leniency to the former presidents in case the court hands out the sentences as demanded by the prosecution.

"The punishment (of the coup leaders) is inevitable in the light of the historical cause to eliminate regretful legacies in our nation's history. The court's judgment on the case should serve as a turning point toward new politics," Kang stressed.

An official statement issued by the NKP yesterday, however, only stressed a basic principle of the May 18 Special Law by saying, "Any kind of coup or military mutiny destroying Constitutional order should never be tolerated."

The special law designed to punish the coup leaders, who are also responsible for the bloody suppression of the democratic movement in Kwangju in 1980, was legislated upon the suggestion of President Kim last November.

Other parties in the nation yesterday also judged the sentences demanded for the former presidents as "proper," but refrained from making further comments.

The main opposition National Politics for New Politics [NCNP] said in its statement yesterday that the sentences demanded by the prosecution are "due" punishment for the coup leaders.

However, the opposition party, which has its powerbase in Kwangju and Cholla provinces, the very areas victimized in the process of the coup, showed a very cautious response to what the prosecution demanded.

Kim Tae-chung, leader of the NCNP who has stressed his position not to seek any political reprisal for the bloodshed in Kwangju, reportedly refused to make any comment, only having the party issue a formal statement.

Kim's refusal to make any comment about it is largely accepted as part of his strategy not to "rekindle the anti-Kim Tae-chung sentiment in the Kyongsang-to region," the birthplace of the two former presidents.

Apparently mindful of the presidential election next year, Kim recently staged an intensive campaign to lure the support of voters in the Kyongsang provinces.

The NCNP statement only found fault with the coup trial over the failure to specifically identify those responsible for killing Kwangju citizens and to bring another former president Choe Kyu-ha to the witness stand.

"The coup trial, motivated by political interest, has so far fallen short of the expectations of the public," the statement said.

The opposition party has been claiming that the decision by President Kim to bring the former presidents to trial was primarily aimed at "covering up the scandal over the presidential campaign fund," allegedly handed by No Tae-u to Kim.

The United Liberal Democrats [ULD], another opposition party on the conservative line, also refrained from expressing its clear-cut position about the prosecution's proposed sentences, only expressing its wish for fair judgment of the historic case.

However, Rep. Pak Chol-on of ULD, who used to be a key aide to No as an in-law of the former president, called for leniency for the former presidents.

Admitting the need to correct the errors and wrongdoing committed by past governments, though, he wished for a "pardon" of the defendants to open a new era of "political reconciliation."

Targeting the campaign by the Kim Yong-sam administration under the banner to correct the wrongs of the past, Rep. Pak urged the government to put an end to "rummaging in the garbage of the past."

Rep. Yi Chong-mu, floor leader of ULD, also joined in calling on the government to pursue a "future-oriented politics based on the spirit of tolerance and leniency."

ROK Citizens Discuss Prosecution Sentencing Demands

SK0608080896 Seoul THE KOREA TIMES in English 6 Aug 96 p 1

[FBIS Transcribed Text] People reacted with general satisfaction to the heavy punishment requested by the prosecution for former presidents Chon Tu-hwan and No Tae-u, and their followers who masterminded the Dec. 12, 1979 coup and the subsequent crackdown on the popular uprising in Kwangju.

Many people however said that the court must translate the public desire that the criminals be punished into action.

Prof. Han Hung-su of Yonsei University said that the heavy punishment given to the mutineers was an expression of the indignation shared by the entire country over their selfish pursuit of power and their complete lack of recognition of the people's wishes.

"The punishment asked for the two former presidents is perhaps a measure of how well democracy in Korea has taken root," Han said. "It also represents people's unwillingness to condone wrongdoing committed by anybody irrespective of his or her social stature."

Pak Song-il, a resident in Inchon, warned that the court should not try to distort the people's will by giving the accused lighter sentences than asked for by the prosecution, citing respect due them as former heads of state.

"The court must have a sense of history and deal with this tragic case responsibly, bearing in mind that it is righting the wrongs of history. Should the court fail to accept the prosecutors' suggestions, it will incur the wrath of the entire nation," he said.

Kim Il-su of the Citizens Coalition for Economic Justice said that the Prosecutor General's Office might have reflected on the nature of justice when it changed its mind about not indicting Chon and then decided to go after the heaviest punishment possible. "This is the case that puts back 10 years of lost history where it belongs," he said.

Kwon Yong-kil, leader of the Korea Council of Trade Unions, argued that the prosecutors should have requested capital punishment for all accused in the case. "I don't understand why capital punishment was asked for Chon alone. I am also very much concerned that the court might come up with lighter sentences as it is widely suspected that prosecutors and the court have already conferred and decided what the final sentence will be. They must play their proper role and prevent the accused from going unpunished."

Yi Song-hwan, a salaried worker in Seoul, said, "I just hope that this will not end up as a political farce, at the end of which the bad guys will have gotten away scotfree and the people will not have realized they were party to a play."

"If, by one chance in a million, the prosecution requests prove to be a ploy to put public rage on the ice and let criminals go free later, it would be a complete misunderstanding of the public sentiment."

ROK Plan To Ease Financial Restrictions Viewed

SK0308055996 Seoul THE KOREA ECONOMIC WEEKLY in English 5 Aug 96 p 1, 4

[FBIS Transcribed Text] All small enterprises will be allowed to introduce commercial loans for the import of machinery and equipment within this year.

Beginning in 1997 large enterprises will be permitted to use commercial loans only for the import of high-tech facilities such as electricity resource devices and computerized network devices.

The current 10-year bank lending period will be liberalized from next year and a system of a uniform six percent price limit will be introduced in the OTC [over the counter] market within this year as in the case of the stock market.

These plans were agreed upon at the meeting of the working-level council for the relaxation of restrictions on economic administration presided over by Vice Minister Yi Hwan-kyun of [the Ministry of] Finance and Economy [MFE] on July 24.

The establishment of branch offices by leasing firms and investment trust firms of provincial cities within their business boundary will be liberalized within this year and the current system of requiring investment trust firms to take over the monetary stabilization bonds will be abolished in 1997 sources close to the meeting said.

Securities firms will be allowed to do brokerage business of covered bills and the current five-percent ceilings on commissions of credit card firms will be abolished within this year the sources said.

Mutual savings and finance firms will be authorized to deal with deposit items linked to lendings and do foreign exchange business and floating interest rates will be applied to long-term items maturing more than five years.

On the stock market trading of odd lots of less than 10 issues each involving 100,000 won or above will be allowed and the current 10-percent margin ceilings on each issue for securities firms will be abolished the sources said.

Leasing firms and securities firms will be permitted to do consulting business in connection with their business activities and banks will have a free hand to devise their articles of incorporation if it is deemed necessary the sources said.

Investment trust firms may directly purchase bills issued by credit card firms and approval procedures for incorporation of an affiliate abroad by domestic banks will be drastically eased the sources said.

The release of foreign exchange-denoted loans will be allowed to help expedite repayments of foreign debts and rules governing bond issuances abroad will be eased the sources added.

IN-HOUSE MANAGEMENT

BANKS:

Revision of articles of association.

Current situation: the Monetary Board approves all the revision of internal codes at the recommendation of the Office of Bank Supervision (OBS).

Improved content: approve in advance only what is necessary to keep public interests or managerial soundness and let banks self- determine the rest at their will (to be included in the Banking Law which will be revised later).

Banks will no longer be regulated to entrust the Korea Asset Management Corp. to dispose of collateral when borrowers' principal payments are overdue for more than six months starting in 1998.

Commercial banks will be allowed to extend loans with maturity of more than 10 years (to be included in the revised Banking Law): currently, commercial banks could only grant loans with maturity of not more than one year.

LEASING:

The MFE will abolish the current limit on establishments of branch offices.

MUTUAL SAVINGS & FINANCE:

In the second half, MFE will nullify current regulation on establishment of sales offices which requires a mutual savings & finance company to receive an approval from existing mutual savings & finance companies when it moves its offices to somewhere else in the same city or county and there are more than three offices of other mutual savings & finance companies which are operating within a radius of 500m from the application area.

Guidelines will be eased for judgment of business purpose properties eligible for rent similar to those or brokerage houses and insurance companies in the second half of this year.

Mutual savings & finance companies will be permitted to secure collateral for loans to all companies other than small firms and households from the second half.

INVESTMENT TRUSTS:

The head offices will be permitted to extend payment guarantees to overseas subsidiaries.

Provincial investment trust companies will be able to open as many branches as possible within areas where their head offices are Located from the second half.

ASSET MANAGEMENT

INVESTMENT TRUSTS:

Investment trust companies (ITCs) will no longer be forced to buy monetary stabilization bonds issued by the

Bank of Korea (BOK), at below market rates beginning in 1997.

ITCs will be allowed to directly purchase bills issued by credit card companies from the second half of this year. Currently, ITCs are prohibited from directly buying bills issued by credit card companies in view of the low credit worthiness of card issuers.

MERCHANT BANK:

The government will no longer forcibly ask merchant banks to use more than 10 percent of cash management account (CMA) assets to buy monetary stabilization bonds issued by the BOK, at below market rates from next year

MUTUAL SAVINGS & FINANCE:

The current approval system will cease to exist regarding the procurement of stocks traded outside the Korea Stock Exchange (KSE) or in the over-the-counter (OTC) market, and mutual savings & finance companies will be allowed to freely purchase OTC market stocks within a certain percentage.

The current ceiling will be abolished on lendings to certain business lines under strict credit control, which are restricted to within 100 percent of equity capital at present.

BUSINESS RESTRICTIONS

BANKS:

The existing regulations will be rescinded regarding the long- term businesses of banks which are now limited to loans with maturity of no more than 10 years, and they will be permitted to determine lending maturities autonomously (to be included in the revised Banking Law).

BROKERAGES:

Securities companies will be allowed to compete with merchant banks in brokering "cover bills" from the third quarter. Presently, only merchant banks and investment finance companies are allowed to deal in cover bills.

Brokerage houses will not need approval in advance when they publish investment guides, and provide corporate management consulting and other services related to securities businesses.

LEASING:

Leasing firms will be permitted to provide corporate management consulting services, and to conduct management or sales of used equipment from the third quarter.

NEW INSTRUMENTS

MUTUAL SAVINGS & FINANCE:

Firms will be permitted to receive credit on the prerequisite of lending and to apply floating interest rates to long-term instruments with maturities of five years or more.

LEASING:

The current regulations will be softened on the minimum contract period for leasing and sales on deferred payment basis starting in 1997.

Leasing: change from the current five years or more, and 70 percent of durable years to 50 percent of durable years.

Sales flop deferred payment basis: ease from two years or more to one year or more.

The limit will be abolished on leasing of certain things belonging to land or buildings or auto leasing under the condition of return from 1997.

INTERNATIONAL BUSINESS

COMMERCIAL LOANS:

The scope of companies eligible for overseas loans to import high-tech machinery and equipment to all small and mid-size firms: currently only small and mid size manufacturers are eligible to use overseas loans to finance imports of foreign high-tech equipment.

The rule will be further eased next year, permitting larger companies to borrow overseas to import high-tech equipment.

All firms participating in social overhead capital (SOC) projects to be promoted with private capital will be able to bring in commercial loans from abroad to import high-tech machinery and equipment for even second class facilities: currently, private enterprises taking part in private capital financed SOC projects are able to use commercial loans only for first class, facilities.

CASH LOANS:

From next year, all firms participating in large-scale public infrastructure projects will be able to bring in cash loans from overseas within a certain limit.

FOREIGN CURRENCY LOANS:

From the second half of this year, local firms will be able to borrow overseas to repay existing foreign debts ahead of schedule: presently, the usage of foreign currency loan is restricted to capital goods imports, high technology imports by small and mid-size companies, and direct investments abroad.

BANKS:

Domestic banks will not need approval when they invest below $300,000 into their local corporations abroad.

In the second half, the current approval system regarding the establishment of branches of domestic banks' local corporations abroad will be eased.

MUTUAL SAVINGS & FINANCE:

From the second half, mutual savings & finance companies will be able to deal in currency exchange business, namely buying foreign currency from the people.

SECURITIES TRADING:

Relaxation of restriction on margin trading.

Abolish the ceilings for credit extension and stock lending per securities companies in the third quarter.

Currently separate margin trading limits are set per securities companies, per issues, per traders, and per issues per securities companies.

Credit extension: 20 percent of listed stock

Stock lending: 10 percent of listed stock

From this year, the daily price fluctuation limit for stocks traded outside the KSE or in the over-the counter (OTC) market will be unified to plus or minus 6 percent.

Credit card companies will be free to set service charges on their merchants as the current 5 percent service charge limit will be discarded.

Top ten business groups will be exempt from bank credit controls when they borrow bank loans to finance their participation in the first class state infrastructure projects.

ROK: Conglomerates Ready 'To Battle' Over PC Online Market

SK0308020496 Seoul THE KOREA ECONOMIC WEEKLY in English 5 Aug 96 p 8

[FBIS Transcribed Text] The three big business groups—Samsung, Hyundai and LG—are poised to battle again now for the small-but-ever-growing PC [personal computer] online service market as LG Media opened Twintel, an in-house online network of the LG Group, to public access.

LG Media, a home video and motion picture business unit of the LG Group, announced that Twintel is now available on Hinet-P, a public online network offered by Korea Telecom (KT).

The company plans to add graphic-mode information and Internet access to the services menu of the text-based Twintel in the near future, spokesman for LG Media said.

Earlier in April, Samsung Data Systems (SDS), an information technology affiliate of the Samsung Group, launched online services domestically through both its own network and Hinet-P.

Samsung's online services, named Unitel, has an increasing number of subscriptions, which was estimated at 187,000 as of the end of June.

Hyundai Information Technology (HIT) Has also been offering online services since May of this year.

In the meantime, Dacom, the nation's largest online service operator with subscriptions of 600,000, devalued the successive entries by big businesses into the market with pessimism.

"As the market is characterized by the quality of online technologies and services, there will be no area of the market dominated by big money," said an official at Dacom.

He cited the Hanjin Group's decision to withdraw from online services upon rising deficits as an example of a big company not succeeding.

Domestic subscription to PC online services is expected to reach a record high of 2.5 million in total before the end of this year.

A non-memory semiconductor plant, which will be the first offshore chip manufacturing foothold for Samsung Electronics, was dedicated at the Chinese city of Suzhou.

The Samsung's wholly owned chip plant, located at the Singapore- Suzhou industrial complex, churns out 20 million transistors and integrated circuits (ICs) each on a monthly basis.

Samsung Electronics plans to double the capacity of the Chinese plant every year to parallel its homeland plant in Kihung, Kyonggi Province, the company president, Yi Yun-u, said.

The Chinese plant is one of the three Samsung Electronics intends to open at home and overseas sites to reinforce its non-memory chip capabilities.

The two other non-memory chip plants will be operational each in Puchon near Seoul and the US city of Austin, Texas.

ROK President Urges Business Leaders To Stop Economic Slowdown

*SK0608084996 Seoul YONHAP in English
0831 GMT 6 Aug 96*

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — President Kim Yong-sam called on business leaders Tuesday to do their utmost to overcome the current economic slowdown in collaboration with the government.

"The government, businesses and workers must concern themselves with working together to surmount the current crisis," Kim told a group of the country's business leaders during a luncheon he hosted at the Chongwadae [presidential offices] presidential mansion.

O Kang-hyon, presidential aide for industry and information, quoted Kim as also saying, "The government will also exert itself to help boost exports."

Among the business leaders attending the luncheon were Chong Se- yong, honorary chairman of Hyundai Motors, Kim Kwang-ho, vice chairman of Samsung Electronics, and Ku Pyong-hoe, chairman of the Korea International Trade Association.

Commenting on the criticism that the administration is too defensive in trade diplomacy, the chief executive was quoted as saying, "The government is doing its utmost for the national interest without making unconditional concessions even risking trade conflicts."

As short-term steps to prop up exports, the business executives recommended that the won-yen exchange rate be depreciated to the level of 800 won to 100 yen, and that the ceiling of advance receipts of export proceeds be expanded. The current won-yen exchange rate stands at 761 won per 100 yen.

As medium- and long-term measures, they recommended the rectification of high wages, interest rates, transport expenses, land prices, and excessive regulations and consumption. The elevation of slackened perception of labor and effective services to the business by the administration were also recommended.

Asserting that lax perception of labor on the part of the people constitutes the biggest problem, the business leaders recommended that labor laws be revised so as to enhance competitiveness.

Also on hand at the luncheon were Kim Man-che, chairman of Pohang Steel; Paek Uk-ki, chairman, Tongkuk Trading; Song Ki-ung, president, Daelim Industry; Yun Sok-won, chairman, Daewoo Heavy Industries; Pak Suhwan, president, LG International Corp.; and Kim Song-chung, president, Sunkyong.

From the administration, Deputy Prime Minister and Finance- Economy Minister Na Ung-pae, Trade, Industry and Energy Minister Pak Chae-yun, Chief Presidential Secretary Kim Kwang-il and Senior Presidential Secretary for Economic Affairs Ku Pon-yong attended the session.

Burma

Burma: Radio Reports Activities of Visiting Thai Delegation

BK0608032596 Rangoon Radio Myanmar in Burmese 1330 GMT 5 Aug 96

[FBIS Translated Summary] In its 1330 GMT cast Rangoon Radio carries a one-minute report on the fact that Dr. Amnuai Wirawan, deputy prime minister and foreign minister of Thailand, and his party called on Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC], at the Defense Service's Zeyarthiri Hall at 1400 today. Also present were Brigadier General Abel, minister of national planning and economic development; Foreign Minister U Ohn Gyaw; Transport Minister Lieutenant General Thein Win; Deputy Foreign Minister U Nyunt Swe; U Hla Maung, Myanmar [Burmese] ambassador to Thailand; and Poksak Nin- ubon, Thai ambassador to Myanmar.

Another one-minute report says SLORC Secretary-1 Lt. Gen. Khin Nyunt hosted a dinner in honor of Dr. Amnuai Wirawan and party at Zeyarthiri Hall at 1900. The dinner was also attended by Vice Admiral Maung Maung Khin and Lieutenant General Tin Tun, both deputy prime ministers; SLORC members, cabinet ministers, and other distinguished guests.

Another one-minute report is about a visit by Dr. Amnuai Wirawan and his party to the Shwedagon Pagoda and their attendance at the Thai exhibition at the Kandawgyi Palace Hotel.

An under-minute report notes the visiting Thai deputy prime minister's call on Vice Admiral Maung Maung Khin, Myanmar deputy prime minister.

There is a one minute report on the opening of the Third Myanmar- Thailand Joint Commission Meeting held at the Inya Lake Hotel. Foreign Minister U Ohn Gyaw headed the Myanmar delegation and Dr. Amnuai Wirawan the Thai. After speeches by the delegation leaders, the two sides held cordial, frank talks on bilateral relations and matters of cooperation.

Burma Bans Import, Sale of Heineken, Carlsberg Beers

BK0508152596 Rangoon Radio Myanmar in Burmese 1330 GMT 5 Aug 96

[FBIS Translated Text] In accordance with the practice of the market-oriented economic system, the country's economy has greatly improved, and the state has now achieved good economic foundations because of foreign investments. External and internal organizations opposing the state are systematically resorting to various means to deter and stop foreign investments. Due to these efforts, the Heineken and Carlsberg beer companies, from among the many companies investing in Myanmar [Burma], had withdrawn their investments from the country.

Therefore, the public should not consume the beer produced from these companies as a national duty, and the people are urged to be responsible. The Ministry of Finance and Revenue has issued Notification No. 156/96, dated 5 August 1996, halting the import of Heineken Beer and Carlsberg Beer.

Based on the aforementioned facts, any Heineken or Carlsberg Beer sold at restaurants and stores will be confiscated.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Mahathir, Fijian Counterpart Discuss Cooperation

BK0508140296 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 5 Aug 96

[FBIS Translated Text] Fiji wants Malaysia to assist in the economic development of its indigenous people. For this purpose, Fiji wants to set up agencies like those found in this country.

Fijian Prime Minister Sitiveni Rabuka has expressed his wishes at a meeting with Prime Minister Datuk Sri Dr. Mahathir Mohamed in Kuala Lumpur. As a matter of fact, Dr. Mahathir has suggested that Fiji establish an institution such as Malaysia's National Capital Investment Fund Limited.

During the meeting that lasted for about 30 minutes prior to attending a delegation-level meeting, the two leaders exchanged ideas on economic cooperation between the two countries, which is not very favorable.

The value of bilateral trade is still very low—about 96.3 million ringgit per year. Raw sugar constitutes 99.6 percent of Malaysia's imports from Fiji.

Malaysia has sent Datuk Zakaria Yatim, a high court judge, to assist Fiji in drawing up a new constitution for that country.

Foreign Minister Datuk Abdullah Ahmad Badawi, who attended the two meetings, told journalists that Malaysia also supports Fiji's reentry into the Commonwealth. Fiji's readmission into the organization depends on the support from all member countries.

Malaysia: Former Al-Arqam Members Detained Under Security Act

BK0608103896 Kuala Lumpur THE STAR in English 6 Aug 96

[Report by Lourdes Charles — received via internet]

[FBIS Transcribed Text] Kuala Lumpur — Seven former members of the outlawed al-Arqam movement have been ordered to be detained under the Internal Security Act (ISA).

The seven include the movement's former leader Ashaari Muhamad's son, Mohamed Nizamuddin, who is a director of his father's company Syarikat Aeilah.

The others are Pahrol Mohamed Goui, 36, a director of publishing firm Karya One Sdn Bhd; Hashim Ahmad, 42; Haji Ahmad Salim Haji Omar, 49; Hasyim Jaafar, 40; Jaafar Ahmad, 30; and Hashim Mohamed, in his 30s.

The seven were picked up between the end of May and early June.

Bukit Aman's [Royal Malaysian Police Headquarters] Superintendent Public Relations Ghazali Mohamed Amin said the seven were taken to the detention centre in Kamunting last week as their 60-day remand order had expired.

"They are being detained under Section 8 (1) of the ISA and their detention order was effective Aug 2," he said.

He also said that Ashaari's wife Khadijah Am, 42, whose remand order had expired, had been placed under restricted residence in Rawang.

Inspector-General of Police Tan Sri Abdul Rahim Noor had warned former members of the movement not to even think of reviving it.

He had also said police would not be lenient with those intending to revive the movement.

Ashaari, who admitted openly that he had deviated from the true teachings of Islam, had also appealed to his former followers not to revive the movement.

He said he had nothing to do with the fact that several of his former followers had used the excuse that Pusat Islam [Islamic Center] was not doing enough to rehabilitate them to revive the movement.

Singapore

Singapore: Editorial Urges U.S. To Lead Fight Against Terrorism

BK0608053796 Singapore THE STRAITS TIMES in English 3 Aug 96 p 34

[Editorial: "Terror Must Not Go Unpunished"]

[FBIS Transcribed Text] Of one thing there can be no doubt after the TWA tragedy and the explosion in Atlanta's Centennial Park: terrorists and their evil craft deserve no quarter. It falls on all right-thinking individuals societies and governments to track down and bring to book those who would with such cruel cynicism destroy life and property, and hold the world to ransom. Having said that, it would be self-defeating not also to admit that this is a complex matter involving legal, policing and operational problems, and that the clear moral view is more than a little clouded by commercial interests and political and other sensitivities. No less daunting are practical difficulties in an age of high-tech terrorism, underworld networks that span the globe, instant communication by electronic mail; and deadly instruction manuals on the Internet.

The sophistication of the challenge prescribes a remedy of the same order. This is where difficulties arise. The recent Paris meeting of the Group of Seven produced an unoriginal decision to share intelligence, reinforce police cooperation, facilitate extradition and track the movement of arms and money. No one will pretend that such a general agreement will produce a ruthlessly pro- active international organization that will give short shrift to shadowy killers who operate anonymously and at long range. Against this, US President Bill Clinton's demand for "strong sanctions" against "states that sponsor or permit terrorism" may seem like an overkill reaction, but has much to commend it. Where the evidence is irrefutable, the offense persistent and the government concerned proves deaf to all reason, there may be no alternative to concerted international action.

Obviously, the United States is the principal player in the drama. Because of its pre-eminent position as well as the nature of its society, it has experience of all kinds of terrorism, from smalltown Ku Klux Klan lynchings to the assassination of the two Kennedys and Martin Luther King, from the pipe bombs of the 1960s to the bombed Pan Am 103. Because of its resources, the US is also best empowered to tackle the plague of those who believe that they can gain what they want through the worst form of criminal blackmail. But in one sense, the problem's dimensions are bigger by far than the US; in another, it might be said to be a product of American Cold War obsessions.

The first point is illustrated by one of the earliest acts of aerial sabotage: the destruction of an Indian aircraft that Jawaharlal Nehru had sent to fly Zhou Enlai to the 1955 Bandung conference. Many of the Islamic operatives on the rampage today in places as far apart as the Philippines and Punjab bear witness to the second, for if American reports be true, they were recruited, trained and armed by US agencies to fight the good fight against communist invaders in Afghanistan. It is supremely, if tragically, ironic that these very people are believed to have carried out the truck bombings of US installations in Saudi Arabia. Not that other cupboards do not also bristle with skeletons. The European Union's indignation at the US Bill (which has not yet received presidential assent) to punish foreign companies or governments that invest in Iranian or Libyan oil is explained by the extensive commercial interests of French, Italian, Spanish and Belgian firms in both countries. Self-interest also accounts for the G-7 meeting's rejection of Mr. Clinton's sanctions proposal.

Somewhere along the line, however, the suffering world must rise above narrow divisions if it is to survive in tranquillity instead of being haunted forever by fears of where the next bang will occur. A French Foreign Ministry spokesman beguiling claim that sanctions are needed "against terrorist acts, but not against so-called terrorist nations" missed this point, perhaps deliberately. For one thing, no nation is blamed for the sins of a few. For another, the act becomes indistinguishable from the perpetrator, and the perpetrator from the authority that aids and abets him. No government need invite punishment by harboring the enemies of mankind.

Singapore: SIA Opposes U.S. Ban on In-Flight Gambling

BK0608012396 Singapore THE STRAITS TIMES in English 5 Aug 96

[Report by Sim Wai Chew — received via Internet]

[FBIS Transcribed Text] Singapore Airlines (SIA) has joined a group of international airlines coming together to oppose a move by US policy-makers to ban international carriers serving the US from offering in-flight gambling — even while flying over international airspace outside American territory.

At stake are millions of dollars in potential revenue as carriers, including SIA, start later this year to test software that will allow passengers a flutter in the sky.

Current US laws bar gambling on US airlines' domestic and international flights.

Seeking to eliminate a potential competitive advantage for foreign carriers, however, policy-makers there had voted in 1994 to ban international carriers serving the US from offering in-flight gambling as well. The coalition — SIA, Air New Zealand, All Nippon Airways, British Airways, Japan Airlines, Japan Air System, KLM, Lufthansa, Qantas, Swissair and TAP Air Portugal — share the view, however, that forcing such restrictions on non-US airlines violates established principles of international law, according to recent press reports quoting its lawyer, William Karas of Washington law firm Steptoe & Johnson.

SIA declined to comment on the matter, apart from acknowledging its membership in the coalition, which calls itself the "International Airline Coalition on the Rule of Law".

It is not clear when it joined the grouping, set up in 1994.

SIA, together with British Airways, Qantas, and Swissair, have already stated their intention to introduce in-flight gambling, considered inevitable once airlines began to install individual movie screens for passengers.

The debate between the international airlines and US policy- makers is expected to come to a head over the next few months as airlines start rolling out their gaming systems, with Swissair expected to take the lead.

SIA is expected to introduce its own version "late this year or early next year".

US carriers for one will feel pressurized to push for changes in domestic regulations as they face the prospect of being left behind in their competitors' slipstream.

The matter, in fact, is expected to be brought up before a National Gambling Commission now being set up to examine all facets of gambling's impact on US society.

As the country represents 40 per cent of the world's air travel market, all international carriers stand to lose out if current restrictions are maintained.

According to a recent US Department of Transport study on in- flight entertainment (IFE) systems for example, US airlines stand to gain an estimated US$225 million (S$316 million)per year in gambling revenue if permitted to offer video gambling on international flights.

In general, however, carriers introducing gambling stress that the move is a chance for them to entertain passengers rather than a potential new earnings stream.

They also see it as a way to help defray the cost of expensive IFE systems.

Wary of potential public relations damage from disgruntled users, most also envisage a cap on individual losses.

SIA is setting its cap at US$350.

Even then, a 399-passenger B747-400 airplane, of which SIA has 34 among its fleet, could bring in between US$600,000 and US$1.5 million a year in gambling revenue, depending on the lost limit set and assuming a 15 per cent passenger penetration, Memphis-based Interactive Entertainment Ltd's managing director Gordon Stevenson suggested in a trade magazine last month. The company had in April this year signed an exclusive agreement with SIA to provide gaming software and operational services.

Cambodia

Cambodia: Officials Face Court Action; FUNCINPEC Views Monarchy

BK0608095396 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 5-6 Aug 96 pp 1, 8

[Report by Surin]

[FBIS Translated Text] The FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party held an impromptu congress on the afternoon of 2 August, one day after Samdech Krompreah Norodom Ranariddh returned from Malaysia. Except for a statement which was made public, no other details of the congress were reported. In the statement, the FUNCINPEC stressed its various positions.

Some analysts have taken this congress, which has just ended, as a campaign against the "stern warning" made repeatedly this week by Samdech Hun Sen, second prime minister and vice chairman of the Cambodian People's Party. Samdech Hun Sen had warned some politicians and political parties which had launched campaigns using the king as a symbol for the benefit of themselves, their groups, and parties. Samdech Hun Sen had warned that the nation, religion, and the king as well as the monarchical system belong to the masses and the country as a whole. No particular person or party should be allowed to use or to claim him as their personal property. Samdech Hun Sen added that any Cambodian politician or personality who have such notions should change or retract it now while there is still time.

The statement stressed the FUNCINPEC stand as decided by the congress, which:

1. Pledges to always respect the 1993 Constitution of the Kingdom of Cambodia [KoC].

2. Pledges to respect the national motto: Nation-Religion-King.

3. Opposes any individual, group, or party violating the constitution and politically exploitating and offending the person of the king who is the symbol of unity, the continuity of the nation, and the guarantor of national independence, sovereignty, and territorial integrity of the KoC as stipulated in Article 8 of the Constitition of the KoC.

4. Strongly condemns any individual who insults the revered king. Insults are contrary to Article 7 of this constitution which states: "The king shall be inviolable".

However, one interesting point is that this statement did not mention anything about the resolution made at the 21-22 March FUNCINPEC congress which declared that it would withdraw from the government if there is no proper power sharing.

There are two other matters involving two important FUNCINPEC officials who might be charged by the court, namely, Serei Kosal, first deputy governor of Battambang Province; and Yu Hokkri, co- minister of interior. Serei Kosal, who is also a lieutenant general and Samdech Krompreah Norodom Ranariddh's adviser was suspected of involvement in the theft of antiques each worth between $2,500 to $50,000, from the provincial office. The Ministry of Interior has sent an inquiry commission to investigate the matter. According to initial findings, Serei Kosal has been implicated. Yu Hokkri is also facing the charge that he refused to turn over evidence — 6 kilograms of heroine confiscated from traffickers — to the court. The people are wondering why Yu Hokkri refused to turn over the evidence to the court. Meanwhile, court officials have said that this offense must be punished.

It is not known what the fate of the two persons will be after the inquiry. However, it seems that they will certainly face court action.

Cambodia: 'Major' Police Reshuffle Involves 21 CPP Officers

BK0608080296 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 5-6 Aug 96 p 2

[Report by Miss Thmar Da]

[FBIS Translated Text] The two Cambodian prime ministers have signed a sub-decree both appointing and transferring 21 National Police officials in what observers believe to be a major reshuffle of the country's police force. This is also seen as an adjustment to the National Police restructuring process called for by Cambodia's rapidly rising crime rates. At the same time, it is noted that the 21 police officers appointed or transferred in Sub- Decree 135-A.N.Kr.T.K. of 29 July all belong to the Cambodian People's Party [CPP].

It is expected, therefore, that another reshuffle, this time involving police officers from the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party, will follow suit.

This arrangement took place after second Prime Minister Samdech Hun Sen returned from a visit to Beijing, and at a time when both Samdech Krompreah and Samdech Hun Sen appeared to be bad terms since FUNCINPEC threatened on 21-22 March that it would pull out of the government.

Analysts believed that such a major police reshuffle was intended to ensure national stability and security, but some Interior Ministry officials said it was merely part of the process to strengthen the police force and make it more efficient and effective, thereby ensuring better safety and security for the public.

The 21 police officers involved in the reshuffle are:

1. Brigadier General In Samon, commander of the General Staff Division of the National Police Department, transferred to the Joint Command of the Khmer Royal Armed Forces [KRAF];

2. Brig. Gen. Mau Chandara, first deputy commander of the Legal Affairs Division, appointed commander of the General Staff Division of the National Police Department;

3. Colonel Ma Chhoeun, first deputy commander of the Economic Police Bureau, appointed first deputy commander of the Legal Affairs Division;

4. Pen Ut, inspector of the Police Affairs Inspectorate under the Political, Administrative, and Police Affairs Inspectorate General, transferred to be an aide of co-Minister of Interior His Excellency [H.E.] Sar Kheng;

5. Brig. Gen. Pot Kruoch, deputy commander of the Border Police Division, transferred to be inspector of the Police Affairs Inspectorate under the Political, Administrative, and Police Affairs Inspectorate General;

6. Brig. Gen. Pen Ean, commander of the Land Border Police Bureau, appointed deputy commander of the Border Police Division;

7. Brig. Gen. Chan Ean, first deputy commander of the Border Police Division, transferred to be commander of the Land Border Police Bureau;

8. Brig. Gen. Hing Chhan, deputy commander of the Public Order Division, transferred to be first deputy commander of the Border Police Division;

9. Brig. Gen. Yin Sreang, commander of the Special Operations Unit, transferred to be deputy commander of the Public Order Division;

10. Brig. Gen. Kon Sam-oeun, commander of the Anti-Terrorism Bureau, transferred to be commander of the Special Operations Unit;

11. Brig. Gen. Huy Hoeun, commander of the Police Administration Bureau, attached to the Joint Command of the KRAF;

12. Brig. Gen. Ut Kiplek, deputy commander of the Security Police Division, transferred to be commander of the Police Administration Bureau;

13. Brig. Gen. Lon Net, commander of the Bodyguards Bureau, appointed deputy commander of the Security Police Division;

14. Brig. Gen. Sim Sophal, commander of the Defense Police Bureau, transferred to be commander of the Bodyguards Bureau;

15. Brig. Gen. Maoy Man, commander of the Technical-Scientific Service Bureau, transferred to be commander of the Defense Police Bureau;

16. Van Rattha, deputy commander of the Personnel Division, transferred and appointed commander of the Technical-Scientific Service Bureau;

17. Brig. Gen. Heng Hak, deputy secretary of the Office of the Secretary, transferred to be commander of the Anti-Terrorism Bureau;

18. Brig. Gen. Luo Ramin, commander of the Foreign Residents Bureau, transferred to be adviser to co-Minister of Interior H.E. Sar Kheng.

19. Prok Saroeun promoted from deputy commander to commander of the Foreign Residents Bureau;

20. Brig. Gen. Khieu Sopheak, adviser to H.E. Sar Kheng, concurrently appointed secretary of the Interior Ministry's Office of the Secretary;

21. Khov Kimbak appointed aide to co-Minister of Interior H.E. Sar Kheng.

Indonesia

Indonesia: Official Dismisses Reports of West Demanding Explanation

BK0608073796 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 6 Aug 96

[FBIS Translated Text] The Foreign Affairs Department has dismissed assumptions that Western countries have forced Indonesia to give detailed information on the 29 July rioting in Jakarta. Johari Nataatmaja, director general of sociocultural relations and foreign information of the Foreign Affairs Department, said yesterday's press briefing with foreign diplomats was held at the request of foreign ambassadors who wanted to obtain first-hand ??formation from the Indonesian Government.

Johari Nataatmaja also dismissed assumptions that yesterday's meeting with 60 foreign diplomats had to be held because the Indonesian ambassadors' explanation regarding the 29 July incident was unsatisfactory.

Lieutenant General Syarwan Hamid, chief of ABRI [Armed Forces of the Republic of Indonesia] Sociopolitical Affairs, who was also in Johari Nataatmaja's presence, said the government is now investigating the extent of assistance given to PRD [Democratic People's Party] by Australian labor organizations. Several PRD leaders admitted that some Australian labor leaders had attended PRD meetings.

Indonesian Officer: PRD Receives No Aid From Australian Party

BK0608034596 Jakarta KOMPAS in English 6 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta, KOMPAS Online — Lieutenant General Syarwan Hamid clarified the People's Democratic Party (PRD) had not obtained assistance from the Australian Labour Party (ALP) but from workers organizations.

This statement was a correction of the allegation that the PRD had been aided by the Labour Party. Together with military spokesman Brigadier General Amir Syarifuddin, Syarwan explained the July 27 events to journalists attending a press conference at the Department of Foreign Affairs on Monday (5 July).

The mistake between the Australian Labour Party and labor organizations had been made by a member of PRD when he was being questioned, Syarwan said.

In the press conference attended by local and foreign journalists and members of the diplomatic community, Syarwan explained the internal conflict in PDI [Indonesian Democratic Party] which was then used by the PRD. He also explained the central role of ABRI [Armed Forces of the Republic of Indonesia] in settling disputes of this nature.

Representative from various embassies asked about the issues surrounding the number of victims killed in the clash on July 27 and the developments since the riots which were sparked when the military took over the PDI office. I get the feeling that we have to explain things in greater depth to foreigners so they can understand the situation as objectively as possible. They need to know about what was developing and the actions we have had to take to overcome the emerging problems, Syarwan said.

Syarwan also explained the problem surrounding the revival of communism. He added that economic disparities may be a cause of the problem. There are still communists who strive for a communist revival, Syarwan said drawing particular reference from the PRD manifesto.

Indonesia: PDI's Suryadi Interviewed on 27 Jul Events

BK0508135196 Jakarta REPUBLIKA in Indonesian 3 Aug 96

["Excerpts" of an interview with Suryadi, general chairman of the government-backed Indonesian Democratic Party Central Executive Council, in Jakarta on 2 August — received via Internet]

[FBIS Translated Text] [REPUBLIKA] The selection of Indonesian Democratic Party [PDI] candidates for legislative seats is still uncertain. Is it being planned?

[Suryadi] It is being processed, but not yet at the national level. It is being processed in branches downward.

[REPUBLIKA] Will Megawati [PDI general chairwoman who was ousted in a government-engineered party congress in June] be nominated as a candidate?

[Suryadi] I do not know. It is not the Central Executive Council but the lower-level executive councils that will nominate PDI candidates for legislative seats.

[REPUBLIKA] What is Megawati's current status?

[Suryadi] A member.

[REPUBLIKA] When was a decision to take over the headquarters of the PDI Central Executive Council made?

[Suryadi] I forget.

[REPUBLIKA] Did you inform the security apparatus of the planned takeover?

[Suryadi] Yes, certainly.

[REPUBLIKA] Did you not expect a third party to exploit the planned takeover?

[Suryadi] No. No links.

[REPUBLIKA] What about possible excesses?

[Suryadi] At most, we predicted a lot of weapons to be in the headquarters of the PDI Central Executive Council. We knew 10 days earlier that a lot of weapons had been collected because many of our people were there.

[REPUBLIKA] The occupation of the headquarters on Diponegoro Road took place on 27 July. So...?

[Suryadi, interrupting] I did not occupy it. We took it over.

[REPUBLIKA] Well. Are you really convinced that they are your supporters?

[Suryadi] Well, we mobilized them. Only you are not convinced.

[REPUBLIKA] No external help?

[Suryadi] Those we mobilized are all PDI cadres. As I said earlier, we informed the authorities of the planned takeover.

[REPUBLIKA] How many people were mobilized for the takeover?

[Suryadi] We mobilized 2,000 people, who were divided into three groups.

[REPUBLIKA] Approximately how many personnel were in the first group?

[Suryadi] Well. For technical matters, you can ask the secretary general (Buttu Hutapea).

[REPUBLIKA] Who trained them in Cibubur earlier?

[Suryadi] These friends were responsible.

[REPUBLIKA] Whose friends?

[Suryadi] The Central Executive Council appointed a task force. Therefore, please ask them about such matters.

[REPUBLIKA] The training took place after the congress, did it not?

[Suryadi] What? The task force was set up by the Central Executive Council elected at the congress.

[REPUBLIKA] Were they instructed to blockade or burn the building?

[Suryadi] No. There were no such instructtions. Basically, we wanted to take it over.

[REPUBLIKA] Clearly, the authorities were aware of the planned takeover, were they not?

[Suryadi] Yes, I think so, because we informed them of the planned takeover the night before.

[REPUBLIKA] Some said that you triggered the rioting?

[Suryadi] No, it is not true. There were no links between the takeover and the rioting. The rioters were not the PDI masses.

[REPUBLIKA] Some citizens in Cibubur saw a yellow truck full of non-PDI members who were wearing PDI costumes at about 0000-0100. What are your comments?

[Suryadi] Let us be honest. How could they know? They were asleep at night.

[REPUBLIKA] So, do you mean that no one exploited the PDI cadres?

[Suryadi] Well, we were not exploited. You yourselves like exploiting or being exploited.

[REPUBLIKA] Was the headquarters taken over after deliberate consultations regarding a consensus failed?

[Suryadi] Yes. We have done a lot of things, and you have seen their [the Megawati camp's] reactions.

[REPUBLIKA] Did you not say in private that it was necessary to consult Megawati regarding a consensus?

[Suryadi] There are many things that should not be necessarily disclosed to the press.

[REPUBLIKA] After meeting the president at the Bina Graha Presidential Office, did you not intend through a mediator to...?

[Suryadi] Enough is enough. Perhaps, you do not believe me. Upon hearing about acts of arson after the 27 July incident, not the takeover itself, we assigned Central Executive Council members to contact Megawati.

[REPUBLIKA] What are the contents of your message?

[Suryadi] There is no need for me to disclose them. The message showed our deep concern [preceding word in English] over the incident.

[REPUBLIKA] Are you concerned about heavy casualties?

[Suryadi] Certainly. Why not? I think only insane persons are not concerned over the incident.

[REPUBLIKA] Did you expect that incident to take place?

[Suryadi] I have never expected it. I do not see any links between the takeover and the incident.

[REPUBLIKA] Does it mean that you did not expect that incident?

[Suryadi] No. For me, there were no links between the takeover and the rioting.

[REPUBLIKA] Many people feel that the takeover triggered the rioting. What are your comments?

[Suryadi] No. Certainly, other people triggered it.

[REPUBLIKA] But some have said that the takeover triggered it.

[Suryadi] Well, they can say that. This is a free, democratic country. You have a opinion that I must respect. On the other hand, I have a different opinion that must also be respected.

[REPUBLIKA] Why did you not come on 27 July?

[Suryadi] Some members had been assigned to do the job.

[REPUBLIKA] Did you say that the takeover would be without violence?

[Suryadi] We wanted it that way. We came and held negotiations.

[REPUBLIKA] There were exercises in Cibubur, however. What are your comments?

[Suryadi] The situation in a place where there were a lot of weapons did not it make it possible for us to be resigned to God's will. As human beings, we must be prepared.

[REPUBLIKA] Did you opt for that violent takeover?

[Suryadi] I think all people did not want that way.

[REPUBLIKA] How many people were killed?

[Suryadi] Three.

[REPUBLIKA] When will you occupy your office?

[Suryadi] I will occupy it when it is ready, but I do not know when it will be ready.

[REPUBLIKA] How much is the damage to the PDI Central Executive Council headquarters?

[Suryadi] I have not estimated it.

[REPUBLIKA] Will the PDI incur the damage?

[Suryadi] I myself hope that the government will repair the building, but we will try to repair it by ourselves if the government is unwilling to do so.

[REPUBLIKA] Do you intend to purge people from the Megawati camp?

[Suryadi] I have no intention to purge other people. Nominations are not made by the Central Executive Council. Nominations are made at the low level. You think that we are authoritarian, but we are not. Please read our directive.

[REPUBLIKA] Will MP's who disagree with you be recalled?

[Suryadi] There is no plan to do so.

[REPUBLIKA] Any possibility?

[Suryadi] I do not know. We do not know what other people will do. They will not be recalled if they do not violate regulations.

[REPUBLIKA] How many PDI members have been dismissed?

[Suryadi] I think none has been sacked, or I have not signed letters of their dismissal.

[REPUBLIKA] What are your comments about the vice president's advice?

[Suryadi] It is very good. We have been reminded of our common responsibility. We have also been reminded to be vigilant. In principle, all people, not only the PDI and its members, must uphold our national system.

[REPUBLIKA] PDI leaders have been advised to renounce their personal interests. Have you also been so advised?

[Suryadi] I think all people, not only the PDI, have been so advised. In short, all leaders must renounce their personal interests or must at least subordinate their personal interests to common interests.

[REPUBLIKA] Have you done so?

[Suryadi] Yes, I have done so from the very beginning, but I let other people to judge my attitude.

[REPUBLIKA] What is your ambition?

[Suryadi] Well, my ambition—in fact, this is not my ambition — has been the same from the very beginning. In short, I will implement the decisions made at the congress to the best of my ability.

Indonesia: Megawati's Refusal To Attend Questioning Detailed

BK0608041296 Jakarta KOMPAS in English 6 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta, KOMPAS Online — Megawati Sukarnoputri and Aberson Sihaloho did not fulfill their summons from the Central Jakarta Police on Monday because the summons letter was not complete, said Megawati's lawyers Tambunan on Monday (5 July).

The letter was not clear in regards to the identity and official status of Megawati, Tambunan told the press. Megawati's lawyer also said that the President's letter of permit, warranting the summons, had also not been attached.

Megawati and Aberson are also unclear why they are being called as witnesses. These are the reasons they have not fulfilled their police summons, said Tambunan. Megawati respects the law but it is only the summons procedure which needs some refining.

In a letter from the police inspector's office dated 2 August 1996, Megawati was called as a witness in the criminal case of intentionally offending the President. Who was the offender has not been made clear.

Luhut Pangaribuan from the Legal Aid Institute said he was not sure when Megawati would be summoned again. Lieutenant General Iman Haryátna said that a corrected letter will be sent to Megawati. He made clear that Megawati was summoned as a person not as a member of parliament and would be asked to testify on the subversive action of members of the People's Democratic Party (PRD).

Iman said police had succeeded in capturing three members of PRD. The youths have been identified as Samsul Bahri, Budi and Agus.

Attorney General of Special Criminal Cases Yunan Sawiji revealed Ridwan Saidi, Moslem activist, had been asked to appear as a witness to the subversion case against PRD's chairman Budiman Sujatmiko. We haven't kept him in custody. He can go home, Yunan said.

Yunan did not deny the possibility that Ridwan's status would change from being a witness to a suspect nor did he reject the possibility that other members of a non-government organization umbrella group, MARI [Indonesian People's Council], would be summoned in connection with the PRD Political Manifesto announced on 22 July 1996.

Chairman of the Prosperous Workers Union Mokhtar Pakpahan is still in custody. Yunan said that his family were free to visit him whenever they wanted.

Coordinating Minister for Politics and Security Susilo Sudarman told the press on Monday that the PDI headquarters on Jl. [Road] Diponegoro as of Monday was still closed. That's Suryadi's problem, so just ask Suryadi, the Minister said.

The military's takeover of the PDI headquarters from Megawati supporters ignited the riots on July 27. Susilo Sudarman emphasized it was now up to Suryadi to consolidate the fractured party and decide on the future of the PDI headquarters.

Indonesia: Minister Comments on National Car Project, Rivals

BK0608104196 Jakarta REPUBLIKA in Indonesian 6 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta — "The Timor national car program will go ahead" was the brief answer given by Trade and Industries Minister Tunky Ariwibowo when he was asked to comment on the auto industry.

The recent launch of the Timor cars, considered to be national cars in view of presidential decree no. 2/1996, as well as the launch of Cakra and Nenggala cars by a rival company, have been unprecedented in the auto business.

New models of existing makes such as Suzuki Baleno will also be introduced at the current Jakarta Auto Expo. The Bakrie Group has also announced that it has completed its car prototype in a joint venture with a British company.

This situation will lead to a price war. Cars produced by Indomobil and Bimantara Groups are being sold at a price not much different from Timor cars produced by Timor Putra Nasional [TPN] Co. Ltd. Even though Indomobil and the Bimantara Groups do not enjoy TPN's privileges, namely exemption from import duty and luxury goods tax, their car prices will compete directly with Timor's.

Speaking to reporters at his office yesterday, Tunky stressed that the government will not only proceed with the Timor car program, but also monitor the latest development in the auto business. "We will monitor the situation closely," he said.

Commenting on the cars to be produced by Bakrie Group, Tunky said he had seen the blueprints of the prototype. "When [Bakrie Group Chairman] Aburizal returns from abroad, I will hold talks with him," he said. However, Tunky stressed that the latest development will not affect the national car program.

To show that the Timor national car program is progressing smoothly, TPN announced the arrival of 12 South Korean component vendors [preceding word in English] in Jakarta yesterday. According to the TPN press release, the South Korean vendors are exploring possible joint venture and technical assistance programs with their Indonesian partners to support the Timor national car program.

"These South Korean vendors are known for their outstanding ability in producing precision components, such as steering gears, engine components, and other vital automotive components," said the press release. [passage omitted]

Indonesia: Commentary on Investment Challenges, Opportunities

BK0508134596 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 5 Aug 96

[Station commentary]

[FBIS Translated Text] Speaking in London last Friday, Aburizal Bakri, chairman of the Indonesian Chamber of Commerce and Industry, said investment obstacles must be removed if Indonesia wants to attract as many investors as possible. The obstacles include inconsistent regulations, distorted policies, excessive levies, and the bureaucratic attitude of civil servants who want to be served instead of serving people. National economic growth may be affected if these obstacles are not removed soon. We all know that Indonesia is an attractive market for foreign investors, who generally have strong faith in the country's long-term political stability. This can be seen from the growing value of foreign investments since the First Five-Year Development Plan was launched.

Data from the Capital Investment Coordinating Board show that, from the 1967-68 fiscal year to 15 July 1996, a total of U.S.$164.3 billion of foreign investments with 4,519 projects had been approved. Foreign investments during the Fifth Five-Year Development Plan alone stood at $44.1 billion, and during the two and half years of the current Sixth Five-Year Development Plan, foreign investments have already reached $86.2 billion.

Domestic investments during the Fifth Five-Year Development Plan stood at 201 trillion rupiah only, but a total of 161.8 trillion rupiah has been recorded thus far in the current Sixth Five-Year Development Plan. In the first seven months of 1996 alone, the government had even approved domestic investments worth 75.3 trillion rupiah.

All these figures show that both foreign and domestic capital investments continue to rise in Indonesia. This also serves to counter assumptions that foreign investors are losing interest in our country. As for existing investment obstacles, we believe the government will not allow them to become a threat to national economic growth. In addition to its economic deregulation packages in anticipation of the trade liberalization era, the government is also tackling excessive levies, both at the central and provincial levels.

At present, the greatest challenge to the country's efforts to attract investments is how to boost efficiency, which will in turn improve our national competitive edge. This will help Indonesia in the competition to capture new markets. In the free trade era, national boundaries will be less defined, and nations that only spend money to buy things will only become consumers of other countries' products.

Philippines

Philippines: ODA Rules 'Alienating' Donor Agencies

BK0608042096 Manila BUSINESS WORLD in English 6 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The government is risking alienating donor agencies due to certain provisions in the Official Development Assistance (ODA) Law or Republic Act No. 8182 and its implementing rules and regulations (IRR).

The law exempts ODA loans from the country's foreign borrowing ceiling of $10 million.

But there is a provision in the law and its IRR which gives preference to local suppliers and consultants to do jobs contracted out as part of ODA-assisted projects.

Some of the donor agencies have already expressed reservations about the provision, fearing conflicts with their own rules in running ODA-assisted projects.

However, the National Economic and Development Authority (NEDA) recently approved the law's IRR, still containing the provision. According to NEDA, the provision will reinforce nondiscriminatory practices against Filipinos wanting to avail of contractual jobs of ODA-assisted projects.

This, when donor agencies have already expressed qualms about the provision.

During one of the public hearings for the said IRR, Japan's Overseas Economic Cooperation Fund (OECF) formally registered its reservations about the provision.

Thus, the government and the donor agencies are now at an impasse, said an official of the Coordinating Council on Philippine Assistance Program (CCPAP).

The stalemate might even go far as to force donor agencies to balk at further funneling ODA to the Philippines, the official hinted.

An attached agency of the Department of Finance (DoF), CCPAP serves as NEDA's counterpart in monitoring ODA-supported projects.

There should be more specifics on how to implement the preference provision, he told BUSINESS WORLD in an interview.

If not, the project manager would be at a loss on how to pursue the project.

For instance, he said in cases when local and foreign outfits both bid for the same job, but the foreign firm's quotation is more competitive, will the local outfit still be chosen over the foreign firm?

One way of addressing the issue, he said, is to adopt a practice developed by the Asian Development Bank (ADB) which sets a specific benchmark, stipulating that if the local outfit's quotation is 15% higher than the foreign firm's, then the latter may be chosen over the local contractors.

NEDA developed the law's IRR together with the Departments of Budget and Management and Finance, Commission on Audit and the Office of the President.

Philippines Central Bank Official: Inflation Downtrend To Continue

BK0608030896 Manila MANILA BULLETIN in English 6 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The downtrend in the country's inflation rate continued for the second straight month in July when it declined 8.9 percent from 9.8 percent the previous month, mainly on account of a decline in food prices.

And based on this figure, the government's economic managers are forecasting that deceleration in inflation will continue the rest of the year.

Bangko Sentral ng Pilipinas [Central Bank of the Philippines] Governor Gabriel C. Singson said yesterday he expected inflation to slow down further in August.

"We expect August's inflation rate to be substantially lower than July's. We remain confident that our year-end inflation target of [illegible] percent remains achievable," Singson said in a statement.

"These positive developments in part reflected the monetary authorities' continued vigilance on monetary aggregates, which continued to run well below the IMF-supported ceiling." The government is projecting a 7.5 to 8.5 percent average inflation rate for the whole of 1996.

The 8.9 percent July inflation rate was cheered by stock market analysts because it was much lower than what they earlier anticipated. However, it failed to ignite buying interest in the market which succumbed to profit-taking after three days of gains.

But the July inflation figure was still higher by 1.5 percentage points compared to the 7.4 percent inflation level in same month last year.

The Department of Agriculture has assured that there will be ample rice supply even with the 39,091 metric tons of rice (33,631 MT) and corn (5,460 MT) estimated losses from about 64,000 hectares affected areas by the Typhoon Gloring last week.

The sharp rise in inflation last year was attributed to the rice shortage.

Meanwhile, Socio-Economic Planning Secretary Cielito F. Habito allayed fears that the partial deregulation of the oil industry would induce rise in inflation, saying the increase in the price of gasoline could be offset by the expected drop in the prices of kerosene and liquefied petroleum gasoline (LPG).

The return of inflation level to single digit in June to 9.8 percent and last month to 8.9 percent have given credence to government projections that price movements will trend downwards during the rest of the year to single-digit level.

The National Statistics Office said the increases in prices slowed down to 0.1 percent in July, compared to 0.7 percent rate in June.

Prices appeared to be stable in Metro Manila as the index remained at its June level with zero increase compared to the 1.6 percent increase from May to June.

The deceleration during the month was likewise significant because Metro Manila continued to register single-digit inflation of 8 percent from 8.2 percent in June.

Thailand

Thailand: Potential Effects of U.S. Child Labor Bill Viewed

BK0608060996 Bangkok BANGKOK POST (BUSINESS Supplement) in English 6 Aug 96 p 3

[Report by Somphon Thepphanachai]

[FBIS Transcribed Text] Thailand's commercial diplomat in Washington has warned that a new bill on child labour now on the Congressional agenda could hurt Thailand because it has a reputation for abusing child labour.

The draft International Child Labour Elimination Act, submitted to the US House of Representatives by Christopher Smith of New Jersey, aims to eliminate the use of child labour in countries supplying products to the United States.

If passed, it would require the US Labour Department to list countries without laws protecting children against labour abuse, and those that do not enforce their laws.

Imports from industries accused of abusing child labour would be banned unless they could prove the accusations were false.

The law does not envisage any US aid for countries facing child labour problems, but it does propose a US contribution of $10 million per year for the International Labour Organisation's efforts to combat child labour abuse.

Khanitson Nawanukro, minister for commercial af?airs at the Thai embassy in Washington, says that although the United States has taken no action on child labour, Americans are becoming more interested in the issue,?with increasing demands for an end to the use of child labour in manufacturing.

The trend will create pressure among countries exporting industrial products, especially developing and least-developed countries where children are a significant part of the workforce.

However, the US administration opposes the draft law, arguing that the problem should be solved through multilateral efforts.

Mr. Khanitson said Washington needed multilateral efforts, because unilateral retaliation against its trading partners has given the US a bad image.

He said Congress had approved $500,000 for Customs authorities to inspect products from Pakistan and India to ensure that they were not produced by child labour.

Proposals to link labour and trade with the possibility of trade sanctions against countries that abuse child labour, are among the most controversial issues on the agenda of the World Trade Organisation, whose trade ministers will meet in Singapore in December.

Thailand: Second Border Agreement With Burma Detailed

BK0608064496 Bangkok THAILAND TIMES in English 5 Aug 96 p A1

[Report by Puna Antasena]

[FBIS Transcribed Text] Rangoon: People living along the Thai-Burmese border are to be given two-year passes allowing unlimited short trips across the border, once a draft bilateral border agreement is ratified, a Thai diplomat announced yesterday.

Suwitthaya Simatkun, the director general of the Foreign Ministry's East Asian Affairs Department, said yesterday the clause had been put into the agreement as so many people living along the border relied on border trade for their livelihood .

Suwitthaya was speaking in Rangoon, where he is accompanying Foreign Minister Amnuai Wirawan on a trip aimed at clearing up border disputes between Thailand and Burma.

He said certain restrictions would be placed on travel with the passes. Pass-holders will be allowed to stay for a maximum of 14 days, and their movements will be limited.

"Thais will be eligible to travel to Burma's Myawaddi, Ko Song and Thachilek provinces, while Burmese will be restricted to Thailand's Mae Sot and Mae Sai districts (in Chiang Mai and Tak provinces respectively), and Ranong province," Suwitthaya said.

The bulk of the agreement deals with turning three border checkpoints which have recently reopened — Mae Sai-Thachilek, Mae Sot-Myawaddi, and Ranong-Ko Song or Victoria Point — into permanent international crossings .

Also under the agreement, third-country nationals who enter Thailand via Bangkok will be allowed to enter Burma through these checkpoints by using temporary border passes, and will have the option of flying on from Rangoon, instead of crossing back into Thailand.

The draft will be enacted within 90 days once it gets cabinet approval in both countries and is inked by the two countries' foreign ministers.

This will be the second border agreement between Thailand and Burma. The first was ratified in 1958, but Suwitthaya said it was now out of date.

Thailand: Construction of Industrial Estate Planned With Burma

BK0608073596 Bangkok THAILAND TIMES in English 5 Aug 96 p B2

[Unattributed report]

[FBIS Transcribed Text] Bangkok: Industry Minister Chaiwat Sinsuwong has agreed in principle to the construction of an industrial estate on the Thai-Burmese border to control the influx of Burmese laborers to Thailand.

Chaiwat revealed the Industry Ministry is to cooperate with the Burmese Industry Minister in setting up a feasibility study for an industrial development overlapping the Eastern area of Thailand and the Tavoy province in Burma.

Following negotiations with the Burmese Energy Ministry, the Burmese leader has agreed in principle to launch the project, requiring a large workforce, to prevent Burmese workers from entering Thailand.

The Eastern area of Thailand and the Tavoy province in Burma have a high development stability as the emerging Tavoy pier will link South Asia to Middle East Asia and will benefit local production transportation.

The Industry Ministry has also revealed it will provide the 2540 [Buddhist Era (1997 A.D.)] budget for both new and continuing projects.

The continuing projects aim to increase product quality to meet intense competition with foreign countries especially of ISO [International Standard Organization] 14000 standard. It will also support industrial development in provincial and local groups, development in liberal trading areas and development in medium and small industries, Minister Chaiwat said.

Regarding environmental protection, the Industry Ministry said it will control industrial waste treatment, smoke from industrial factories and dust from instant concrete plants, Chaiwat said.

The Industry Minister will launch new projects such as textile institutions and industrial schools to boost higher personal ability.

Thailand: SRV Minister Marks 20th Anniversary of Relations

BK0608095796 Bangkok Radio Thailand Network in English 0000 GMT 6 Aug 96

[FBIS Transcribed Text] Vietnamese Foreign Minister Nguyen Manh Cam has sent a message to Deputy Prime Minister and Foreign Minister Amnuai Wirawan to mark the occasion of the 20th anniversary of the establishment of Thai-Vietnamese diplomatic relations today.

The message says Vietnam and Thailand are two neighboring countries with many similarities in history, culture, and traditional customs. At present, the two countries are members of the Association of Southeast Asian Nations, or ASEAN, the Mekong River Commission, the Non-aligned Movement and the United Nations; together exerting efforts to turn Southeast Asia into a region of peace, stability, friendship, and prosperity.

The message says that during the last 20 years, although there were twists and turns, the relationship between Vietnam and Thailand has been maintained, and especially in recent years steadily developed. During the period many agreements have been signed by the two countries, thus laying a solid foundation creating favorable conditions for strengthening of mutual understanding and broadening their cooperation.

On this occasion, the Vietnamese foreign minister has expressed appreciation for the cooperation and assistance extended to Vietnam by Thailand in her economic development and building of the country.

Thailand: Local Money Market Reportedly Returns to 'Normal'

BK0608054796 Bangkok BANGKOK POST (BUSINESS Supplement) in English 6 Aug 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Conditions on the local money market yesterday returned to normal, according to the Bank of Thailand.

The interbank rate was quoted at 13%, slightly higher than that of Friday, while the baht-dollar swap premium rate decreased slightly, dealers said.

Siri Kancharoendi, assistant governor of the Bank of Thailand, said however the central bank still had to inject seven to eight billion baht through the repurchase market yesterday.

Liquidity in the market was still a little tight as the situation was just recovered.

Last week, the local market was nearly in crisis as foreign investors heavily sold off baht for dollars as they speculated the Government might devalue the baht to shore up the exports, which registered a poor performance this year.

Dismissing such the rumours, the central bank also launched a historic move by intervening in Singapore and Hong Kong markets by selling swap options to placate anxious investors.

Intervention in Hong Kong and Singapore continued yesterday, he added.

Thailand: Business Leaders Named To Help Government on Economy

BK0608042296 Bangkok THE NATION in English 6 Aug 96 pp A1,A2

[Report by Nitsara Srihanam and Wichit Chaitrong]

[FBIS Transcribed Text] The government-appointed Economic Stability and Security Committee yesterday named several well-known business leaders to four working groups that will tackle economic and other related problems facing the country.

The appointees were named as the leaders of the seven coalition partners also agreed to give Deputy Prime Minister Amnuai Wirawan expanded authority over economic policy making, including the sensitive issue of granting new local bank licences, Chat Thai Party secretary-general Sano Thianthong said.

A number of policy strategies were then announced by the Commerce Ministry and the economic committee.

Prime Minister Banhan Sinlapa-acha has been under pressure to release his grip on economic policy to shore up the government's credibility following a series of blunders, analysts said.

Economic Stability and Security Committee spokesman MR [Mom Ratchawong — royal title] Pridiyathon Thewakun said that Pramon Suthiwong and Thawi Butsunthon, both senior executives at Siam Cement Plc, will advise the committee which is chaired by the prime minters, on tax and infrastructure matters, respectively.

Wirot Phutrakun, former chairman of Lever Brothers (Thailand) and now top executive of the Bun Rot Brewery Co, was named as a member of the tax reform subcommittee.

Other members of the tax subcommittee include Chumphon Phonprapha of SP International and Praphat Phothiworakun of Kangyong Watthana. Former finance minister Wiraphong Ramangkun will chair the panel.

Besides Thawi, the infrastructure subcommittee includes Watchara Phanchet from MMC Sitthiphon and Chirayu Wasuwat from the Board of Trade, Siwawong Changkhasiri, the permanent secretary for Industry, will chair this subcommittee.

The third subcommittee, on raw materials and labour issues, will be chaired by Somphon Kiatphaibun, permanent secretary for Commerce. Wilai Kiatsonchai from the Board of Trade, Banyong Asarasakon from the jewellery industry, and Suraphon Wongwatrot from the food industry are also members.

Oranut Osathanon, adviser to the Prime Minister's Office, will head a subcommittee on export market penetration and international trade. Chawarat Chanwirakun of Sino-Thai Engineering Group, Wirot Amattakunchai of the textile industry and Sa-nguan Chantranukun of the poultry industry are among subcommittee members.

The four committees will meet on Aug 17 and Aug 18 to discuss ways to increase exports, Pridiyathon said.

In a separate interview, Sano said that the coalition leaders discussed in depth the government's public image. Deputy Prime Minister Thaksin Chinnawat further hinted that talks were continuing on another Cabinet reshuffle, but the final decision rested with the premier.

Sonchai Montrirat, secretary-general of the Nam Thai Party, said that his party leader, Amnuai, will allocate more of his work at the Foreign Ministry, where he is concurrently the minister, to others so he can spend more time on economic issues.

"Khun Amnuai has to travel a lot now because he has just taken over at the Foreign Ministry," Sonchai said. Thaksin said that Banhan reaffirmed the authority Amnuai will have in guiding economic policy especially those made by the Commerce and Finance ministries.

Banhan also said that Amnuai will have full authority to decide on new bank licences. But he said that there will not be a Cabinet reshuffle for the time being.

The Economic Stability and Security Committee urged the government to require all ministries and departments to sign investment contracts by Sept 30, or their investment budgets will be slashed in an attempt to stabilise the economy in the second half of the year.

The committee will also continue to support prudent financial and fiscal policy, encourage household saving, help the property industry and try to increase export growth, said MR Pridiyathon, also president of the Export and Import Bank of Thailand.

To encourage government agencies to spend their budgets sparingly, they will not be allowed to hold over money that they cannot spend within the present fiscal year to the next fiscal year as they normally have done, Finance Minister Bodi Chunnanon said.

Pridiyathon added that to increase household savings the government is requiring state enterprises to set up employee provident funds by 1997 and will further encourage private firms to set up such funds.

So far, provident funds represent only Bt[baht]58 billion, or 1.4 per cent of gross domestic product (GDP), compared with Singapore's 68.4 per cent and Malaysia's 45.6 per cent of GDP, said Roengchai Marakanon, the Bank of Thailand governor.

The country is saving at a relatively high 35.4 per cent of GDP, but this is still low compared with investment, which has surged to 42 per cent of GDP, Roengchai said.

Pridiyathon also said that government agencies will be allowed to buy or rent existing property projects to use as office space or as residences for civil servants to help support the slumping property sector.

He said that the agencies will be allowed to buy only existing projects so as not to encourage property investors to continue building.

The government agencies must buy the property projects by Sept 30, 1997. Currently there are about 300,000 unoccupied condominium units in the city, according to reports.

The committee's proposals will be submitted to the Cabinet today.

The Commerce Ministry will next week ask the Cabinet to approve a package of measures to increase exports. One of the measures is to restructure import duties on raw materials. Other measures are designed to help lower transport and production costs.

Commerce Minister Chuchip Hansawat yesterday met representatives from the electrical goods, auto parts and furniture industries who told him that high duties on raw materials and delays in receiving refunds of the valued-added tax were major obstacles for them.

Thailand: Cabinet Considers Steps To Solve Economic Problems

BK0608065496 Bangkok BUSINESS DAY in English 6 Aug 96 p 1

[Report by Staff Writer Matthana Menkhae]

[FBIS Transcribed Text] State agencies and government departments requiring additional office space or housing for their staff should be allowed to buy, rent or lease from private developers, the Economic Stability and Security Policy Committee said yesterday.

Three other measures aimed at solving prevailing economic problems would also be proposed to the Cabinet, panel spokesman, M.R. [Mom Ratchawong — royal title] Pridiyathon Thewakun, said after yesterdays meeting.

The first point is that the government must adhere to strict fiscal discipline with expenditures only approved for activities deemed necessary to maintain economic stability.

Secondly, further measures are needed to stimulate domestic savings. State enterprises should all have provident funds set up by the end of the 1997 fiscal year. The Finance Ministry was assigned by the committee to work out details which are expected to he discussed again in two weeks.

Finally meetings between the public and private sectors should be organized to arrive at useful recommendations to solve the problem of slower export growth. A two-day seminar will begin on August 17 followed by a second one early next month.

M.R Pridiyathon said encouraging government agencies to purchase or rent existing buildings would more or less help stimulate the real estate sector as unoccupied buildings could be filled up instead of constructing new ones.

Proposals to do this needed to be filed by the end of the 1997 fiscal year. He said the selection of buildings will take into account location and the budget available before bids are called.

He added the Government needed to allow agencies and departments needing office spaces or looking to provide residential units for civil servants to purchase, rent or lease buildings that are already built. The idea is to assist hard-pressed property developers and to avoid wasting money on new construction. Seminars on export promotion will be divided into four strategic working groups looking into tax, basic infrastructure, raw materials and labor, and marketing strategies, said M.R. Pridiyathon.

Thailand: Editorial on Measures To Enhance Economic Stability

BK0608065196 Bangkok BUSINESS DAY in English 6 Aug 96 p 4

[Editorial: "Foreign Loan Dependence Means Living on Borrowed Time"]

[FBIS Transcribed Text] Among the various long-term measures for enhancing economic stability in general and cutting back the current account deficit in particular, increasing the rate of domestic savings and reducing the incidence of tax dodging should have the highest priority.

It is no secret that short-term foreign capital has been the main reason why Thailand's balance of payments account hasn't become unhinged. The fear now is that the inflow of foreign capital will subside, leaving the economy in a dangerous state of deficit on all fronts in its dealings with the world.

Among other things, a balance of payments deficit will put a drain on the country's foreign exchange reserves, and this will in turn push the baht down relative to the major currencies.

Perhaps the prospect of a crisis triggered by a lessening of foreign funds is a blessing in disguise, for it will force us to face financial and economic realities instead of allowing us to pretend, as we have been doing, that living on borrowed foreign money and borrowed time is the way to go.

The unavoidable reality is that savings must increase if we are to have a long-term solution.

The measures taken so far to increase domestic savings through tax incentives have not yet shown significant results, and pending measures such as the requirement to establish provident funds are not being treated with the sense of urgency they deserve. All the same, they are correct measures to take, and so they must be forcefully implemented without further delay.

Consumer spending through the use of credit cards also needs to be curbed significantly, for the growth rate is far too high, and the day of reckoning is not distant when many free-spending consumers will have great difficulties in paying the extraordinarily high interest rates being charged on credit card transactions in addition to the inflated product prices. So far, the only measure taken to limit credit card use is to require banks to increase the minimum income level for credit card applicants. More needs to be done, particularly in the rate of usage among medium and high income card holders, and a direct and simple method is to set lower credit extension limits.

Tax avoidance is, of course, a national sport. There is no accurate estimate on how much tax collection is forgone, but abundant circumstantial evidence that the problem is widespread. Paying taxes is a form of forced savings, and as long as the Government does not turn around and spend the tax money in a wasteful manner, the increased revenue can go a long way towards paying for projects with long-term economic and social benefits such as infrastructure development. The blame for uncollected taxes does not fall on taxpayers only, however, for as long as the system and process of tax collection is neither efficient nor effective, taxes will remain uncollected.

Vietnam

SRV Commentary Supports U.S.-Vietnam Air Route, Trade Accord

BK0408140896 Hanoi Voice of Vietnam in English 1000 GMT 2 Aug 96

[Station commentary]

[FBIS Transcribed Text] A delegation of the U.S. federal airlines agency [Federal Aviation Administration] has visited Vietnam for the first time to discuss the opening of a Vietnam-U.S. air route. The discussion focused on flight safety and technical assistance to Vietnam to receive large American cargo planes. Our commentator has more to say:

Over the past years, since the establishment of diplomatic relations between Vietnam and the United States, bilateral economic ties have made encouraging progress even though a bilateral trade agreement has not yet been signed. The opening of Vietnam-U.S. air route would not only benefit bilateral economic cooperation but also open up a possibility for people of the two countries to have direct contact and help further boost bilateral cooperation. The American airlines agency's representative, Ms. Daschle, said in Hanoi that aviation cooperation will help promote cooperation between the two countries.

American aviation experts are now working with their Vietnamese counterparts to upgrade the capacity of Vietnam's airports with U.S. safety services. Two Vietnamese experts were attending a training course on international aviation safety run by the U.S. agency. The U.S. also said that it was prepared to provide training courses according to Vietnam's requirement and to provide aviation equipment for Vietnam.

Report from Tokyo on Wednesday [31 July] disclosed that the U.S. Administration planned to open a general consulate in Ho Chi Minh City next year. The two sides have been working for the signing of the trade agreement to prepare ground for the granting of the most favored nation status for Vietnam. These developments are a good sign for further development of bilateral ties between Vietnam and the United States.

SRV: Khmer Rouge 'Massacre' of Vietnamese Nationals Reported

BK0408130496 Hanoi Voice of Vietnam in English 1000 GMT 2 Aug 96

[FBIS Transcribed Text] Over 50 additional Vietnamese nationals living in Cambodia have returned to Vietnam following the massacre of 25 family members by the Khmer Rouge. They told the Vietnamese border guards at the Con Dao check point that they left because the Khmer Rouge has just started a new ethnic cleansing campaign against the Vietnamese nationals.

Meanwhile, an assassination attempt on Cambodian Second Prime Minister Hun Sen was discovered on Thursday [1 August] when he was attending a school inauguration in Kompong Thom Province.

SRV National Assembly Chairman Receives Lao Guests

BK0608084696 Hanoi VNA in English 0511 GMT 6 Aug 96

[FBIS Transcribed Text] Hanoi VNA Aug. 5 — National Assembly Chairman Nong Duc Manh received here today a delegation of the External Relation Commission of the Lao Supreme People's Assembly led by its head Dr. Khamlieng Pholsena.

The Lao delegation is here for a week-long visit from August 14 at the invitation of the Vietnamese NA [National Assembly] External Relation Commission.

Dr. Khamlieng Pholsena briefed his host on the delegation's activities here which aimed at boosting the exchange of experience between the two commissions, thus strengthening the fraternal friendship and cooperation between the two legislatures and the two countries.

Speaking to the Lao guests, Chairman Manh who is also Politburo member of the Communist Party of Vietnam, said that the delegation's visit to Vietnam is a vivid manifestation of the Vietnam-Lao special relations. He expressed his pleasure at the achievements recorded by the Lao people and government, considering them as Vietnam's own success. The NA chairman held that Vietnam owed the successes in the past struggle for national independence as well as in the current renewal process to the assistance and support from many nations in the world including the Lao government and people.

Mr. Manh spoke about the results of the eighth national congress of the CPV [Communist Party of Vietnam] and the activities of the NA over the past time, affirming that Vietnam would continue its overall renovation process with the goals of industrializing and modernising the country.

The same day, the Lao delegation held talks with a delegation of the NA External Relation Commission headed by Mr. Hoang Bich Son, during which the two sides informed each other of the socio-economic situation in their respective country. They compared notes on experience in carrying out their external activities and how to effectively coordinate activities of the legislative committees with their respective government and party.

As an observer of the Association of Southeast Asian Nations (ASEAN), Lao wished to learn from Vietnam experiences that it had gained while making preparatory steps to join the association and the ASEAN inter-parliamentary organisation last year. These experiences would help Laos boost its integration into the association as well as its participation in international labour distribution.

The two sides also discussed and reached unanimity on measures to accelerate comprehensive cooperation between the two national assemblies in line with the trends of peace, cooperation, equality, and mutual development.

Later on the day, the Lao delegation was received by foreign Minister Nguyen Manh Cam.

SRV Investment, Development Activities With Singapore Viewed

BK0408094996 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 31 Jul 96

["Essay" by Thu Hang]

[FBIS Translated Text] According to the framework of the 1993 agreement on the establishment of diplomatic ties, Vietnam-Singapore relations have continued to develop over the past few years, especially following the official friendship visit to Singapore by Prime Minister Vo Van Kiet in November 1991. All-around relations between the two countries have developed ever more vigorously following the October 1993 visit to Singapore by Do Muoi, general secretary of the Communist Party of Vietnam, and the March 1994 visit to Vietnam by Singapore Prime Minister Goh Chok Tong.

Opportunities for Singapore investors in Vietnam arose following the Singapore Government's lifting of its embargo against Vietnam in October 1991. The lifting of the U.S. embargo against Vietnam served as encouragement to Singapore in its decision to join the high tide of investment in Vietnam.

Singapore has greatly appreciated Vietnam's abundant manpower resources and its gradual integration into the regional market economy. During his various visits to Vietnam, Singapore's Senior Minister Lee Kwan Yew exchanged his views with Vietnamese leaders on how to attract Singapore investors, in particular, and foreign investors in general. A series of agreements that guarantee legal conditions for Singapore investors to operate in Vietnam have been signed, such as maritime, air service, and trade agreements, and an agreement to encourage and protect investment. All of these conditions have guaranteed Singapore's investment in Vietnam.

In 1994, Singapore had 29 investment projects, with a combined capital of $600 million, the highest among countries with investment in Vietnam. In 1995, it had over 20 projects with a combined capital of over $400 million. By the end of May 1996, Singapore had 120 investment projects in Vietnam capitalized at $1.877 billion, thus occupying top place among ASEAN countries and fourth place among other countries and territories having investments in Vietnam.

Singapore's projects with large capital investment are focused in the areas of real estate and on hotel and tourist center construction. Topping Singapore's major projects is the Red River Damming Project, capitalized at $240 million. This joint venture, with a capital share ratio of 70 percent to 30 percent between the

Singapore ALTRACO Development Company Limited and the Hanoi Real Estate Investment and Development Corporation, is designed to build a town on the banks of the Red River for foreigners and Vietnamese to rent for use as homes and offices. This project is scheduled to operate for 45 years.

Another of Singapore's major projects now under construction is a project to build a high-tech industrial zone in Thuan An District in Song Be Province. Singapore Prime Minister Goh Chok Tong and his Vietnamese counterpart, Vo Van Kiet, personally attended the ground- breaking ceremony for this project. Built on a 500-hectare area, this industrial zone was capitalized at $210 million and will house various manufacturing industries catering to the domestic market and will make full use of the abundant labor resources in Vietnam.

On the actual day of the ground-breaking ceremony, 13 foreign companies signed memorandums of understanding regarding their business registration in the zone. Investors estimate that this industrial zone will create employment for some 50,000 local workers when it becomes operational and will have a combined annual production output value of over $1 billion.

In his second visit to Vietnam in May 1996, Prime Minister Goh Chok Tong expressed his pleasure at the fine results of the two countries' investment cooperation relations, saying that Singapore's increased investment in Vietnam testifies to Vietnam's ever-growing drawing power for Singapore businessmen.

Along with their economic, trade, political, diplomatic, cultural, and educational cooperation, investment activities between Vietnam and Singapore have progressed satisfactorily and have contributed significantly to strengthening the friendly and cooperative relations among ASEAN countries in the interest of each side concerned and of the entire region.

SRV: British Transport Minister Arrives for Talks

BK0408131096 Hanoi Voice of Vietnam in English 1000 GMT 4 Aug 96

[FBIS Transcribed Text] British Minister for Transportation George Young arrived in Hanoi Sunday [4 August], beginning his four- day visit to Vietnam. The minister is accompanied by representatives of 20 major British corporations and companies specializing in transportation.

The visit is to further develop bilateral relations between Vietnam and Britain in this field and also to seek opportunities for British businessmen to take part in projects to develop Vietnam's infrastructure, to cooperate, and to transfer technology.

SRV Prime Minister Encourages British Businesses To Invest

BK0508163796 Hanoi VNA in English 1536 GMT 5 Aug 96

[FBIS Transcribed Text] Hanoi VNA August 5 — Prime Minister [PM] Vo Van Kiet today told British secretary of state for transport George Young that Vietnam and Britain are fully capable of promoting effective cooperation not only on Vietnam's territory but also in the Mekong River sub-region immediately as well as in the long run.

PM Kiet further said at a reception here this afternoon to G. Young that Vietnam has a master plan for the development of its transport and communications system from now to the year 2000 and beyond. However, it is now running short of capital. Therefore, Vietnam will encourage and do its best to help British investors to become involved in this sector in different forms and spheres for the interest of both countries.

George Young accompanied by representatives of nearly 20 leading British groups and companies arrived here yesterday for a visit aimed at looking for opportunities for cooperation and investment in Vietnam's infrastructure, especially in the transport and communication sector, one of Vietnam's top priorities for development at present.

George Young told PM Kiet that he was satisfied at the outcomes of his working sessions with concerned ministries, offices and businesses of Vietnam and said "the British Government continues to promote its long-term friendly and cooperative relation with Vietnam."

He also said he hoped that after this visit the cooperation between Britain and Vietnam in transport and communications will witness new steps of development in all aspects conforming to Britain's potentials and experience and meeting Vietnam's demand. Earlier, G. Young and his entourage had working sessions with Minister of Transport and Communications Bui Danh Luu, Minister of Planning and Investment Do Quoc Sam, and a number of Vietnamese business people.

SRV: Vo Van Kiet Discusses Cooperation on Mekong Projects

BK0508074096 Bangkok THE NATION in English 5 Aug 96 p A1

[Report by Kawi Chongkitthawon]

[FBIS Transcribed Text] Ho Chi Minh City — Vietnam and Thailand should cooperate in the implementation of the Mekong development projects, with the aim of turning the region into a land of prosperity, [said] Vietnamese Prime Minister Vo Van Kiet. As members of the Association of Southeast Asian Nations the two countries have additional channels for advancing bilateral cooperation, Kiet said. "With such preparation, we have sufficient grounds to optimistically envisage a future long-term and durable relationship between our two countries into the next century," he said.

During the Cold War, cooperation in the development and utilisation of the Mekong River region was hampered by political factors.

Under the new framework, and name the Mekong River Commission encompasses the new spirit of cooperation between Thailand and Vietnam, and other riparian countries, he said, noting they have now pledged to increase cooperation and had brought in nonriparian countries to help plan development programmes. Kiet also spoke fondly of the Thai leaders he has become acquainted with and said he was pleased with progress in Thai-Vietnamese relations over the past year. Mechanisms have been put in place for political contacts at the highest level, he said, including a legal framework for increased cooperation in the areas of trade, culture and science. He admitted that Vietnam could learn from Thailand, which has more experience in the transformation of an agrarian society into a more industrialised one.

"We wish to get advice from Thailand," he said, adding that Thailand had the technology and know-how in agro-industry.

Kiet said his first meeting with then prime minister Anan Panyarachun in October 1991 opened a new period in relations between the two countries.

He met Anan three times over a period of one year and Kiet said the rapport they established helped build the healthy relations the two countries now enjoy.

"In a country-to-country relationship, personal contacts between leaders play a very important part. "But national interests and policies are also of decisive significance," he said.

Other Thai leaders he has met include former prime ministers Chuan Likphai and Chatchai Chunhawan, and current Prime Minister Banhan Sinlapa-acha.

"I am pleased to note that all the Thai leaders I had the opportunity to meet and work with reaffirmed the wish to build a relationship of friendly neighbourliness, and to promote cooperation with Vietnam," Kiet added.

Thailand and Vietnam already have a total of 17 bilateral agreements. Tomorrow they are due to sign a cultural agreement.

Vietnamese President Le Duc Anh is scheduled to visit Thailand as the guest of His Majesty the King later this year.

SRV: Foreign Investment Since 1987 Reaches $20 Billion

BK0408110596 Hanoi Voice of Vietnam in English 1000 GMT 2 Aug 96

[FBIS Transcribed Text] In the first six months of this year, Vietnam's Ministry of Planning and Investment has granted licenses to nearly 200 foreign investment projects with a total registered capital of $3 billion.

Since the promulgation of the Law on Foreign Investment in Vietnam in December 1987, Vietnam has more than 1,500 foreign investment projects with the total registered capital of over $20 billion.

Tuy Hoa Industrial Park in the southern Province of Dong Nai has attracted eight projects with the total capital of $100 million. Investors are from South Korea, Japan, the United States of America, Switzerland, Taiwan, and Vietnam.

The foreign companies are interested in manufacturing car tires, chemical production, sanitary wares, and garments.

SRV: Article Views International Public Relations

BK0308141796 Hanoi NHAN DAN in Vietnamese 28 Jul 96 pp 1, 4

[Article by Hong Ha, chief of the Party Central Committee Foreign Relations Committee: "Let's Broaden International Public Relations a Step Further"]

[FBIS Translated Text] The great diplomatic achievements over the past five years must be attributed in part to the contributions of international public relations, which have assumed an increasingly important role.

For many decades now, the movement for solidarity and friendship between our mass organizations and social groups and the world's people has made important contributions to the great success of the revolutionary undertaking in Vietnam. Following the great upheavals in Eastern European countries and the collapse of the Soviet Union, the world situation developed in a complicated manner, and our international public relations lost their momentum to a serious degree and faced many difficulties and uncertainties. The Third Plenum Resolution of the Seventh Party Central Committee and Directive No. 44 of the Seventh Party Central Committee Secretariat on broadening and renovating international public relations has chartered a new course of action for international public relations.

International public relations have, over the past five years, been broadened quickly and have become more dynamic and more diverse than ever before thanks to the participation of members of the Vietnam Fatherland Front, mass organizations, politico-social groups, professional organizations, governmental agencies, and localities. Unlike in the past when efforts were focused mainly on socialist countries and a small number of international democratic organizations, international public relations now involve large- scale operations, new forms, and multifaceted activities, thereby making positive contributions to the success of the renovation undertaking.

We participate in the activities of dozens of international organizations, maintain traditional ties, and promote new relations with the Women's International Democratic Federation, the World Federation of Trade Unions, the World Federation of Democratic Youth, the World Peace Council, the International Labor Organization, the International Confederation of Free Trade Unions, the International Federation of Red Cross and Red Crescent Organizations, the International Red Cross Committee, the Afro-Asian People's Solidarity Organization, the International Journalists Organization, the Asia Buddhist Peace Organization, the Asia-Pacific Philatelists Association, and other international organizations.

Following Vietnam's admission to the Association of Southeast Asian Nations, ASEAN, our mass organizations have participated in various ASEAN affiliated organizations. For examples, the Vietnam Journalists Association has joined the ASEAN Journalists Federation, the Vietnam Women's Union [VWU] has joined the Council of ASEAN Women's Organizations, and the Ho Chi Minh Communist Youth Union has established relations with its counterparts in the region.

Many social groups and mass organizations have promoted relations with UNDP [United Nations Development Program], UNICEF, UNIFEM [United Nations Development Fund for Women], UNESCO, ESCAP [Economic and Social Commission for Asia and the Pacific], and other United Nations and intergovernmental organizations. They have also attended many important congresses, conferences, and forums. For examples, a delegation comprising hundreds of VWU members has attended the fourth World Women's Conference and the Non- Governmental Organizations [NGO] Women Forum held in Beijing in the fall of 1995. Our mass organizations have sent their delegations to a number of international conferences to discuss issues relating to labor, mine disposal, scientific-technological development, family planning, protection of mothers and children, and measures against social evils and population explosion, and so forth.

More than 40 friendship associations and hundreds of friendship clubs have been set up at both the central and local levels to promote friendship with foreign countries. Our social organizations, mass societies, and politico-social groups have established friendly and cooperative ties with the peoples of more than 100 countries in the world who belong to different social classes, political beliefs, religious organizations, and ethnic groups. Members of the aforementioned organizations also include many notables, intellectuals, writers, artists, and war veterans.

Our mass, civilian, and nongovernmental organizations have established relations with 444 foreign NGO's. Of these, nearly 200 are carrying out hundreds of aid projects in Vietnam. Thirty-two NGO's from various countries have established their representative offices in Vietnam. Several dozens of millions of U.S. dollars worth of aid have been obtained for our people each year from foreign NGO's through various practical projects on water conservation, clean water supply, reforestation, communications, environmental protection, public health, education, and culture being built in many villages, hamlets, and wards. These projects have created favorable conditions for our people to develop their relations with foreign NGO's.

In the new world situation, international public relations have, in certain cases, helped pave the way for our country to establish diplomatic ties with other countries, to attract foreign investment capital, new technologies, and socioeconomic management experiences, and to step up economic exchanges.

Together with our government's diplomatic activities and our party's foreign relations efforts, our international public relations activities are an integral part of our country's general diplomatic policy. Our international public relations efforts are designed to: help consolidate an environment of peace and create more favorable conditions for accelerating national industrialization and modernization, and socioeconomic development; serve the cause of building and defending the socialist fatherland; and contribute to the world's struggle for peace, national independence, democracy, and social progress.

Led by the party and guided by the party Central Committee's Foreign Relations Committee, international public relations activities of various mass organizations, political and social organizations, professional societies, charitable and humanitarian organizations, and NGO's must reflect the party's foreign policy line of national independence, openness, diversification, multilateralization, dynamism, and flexibility in international relations. This policy line must be carried out creatively, lively, and flexibly in conformity with the actual capability of each relevant mass organization or civilian group and with the characteristics of each particular foreign partner with which we are having relations.

The resolution of the Eighth Party Congress points out: "It is necessary to broaden our international public relations and our relations with NGO's and to struggle to win sympathy and widespread support from the peoples of various countries so as to help promote the trend toward peace, cooperation, and development."

In that spirit, we broaden international public relations a step further on the basis of the principles of independence, sovereignty, friendship, equality, mutual respect, and nonintervention in each other's internal affairs.

The objectives of efforts to promote international public relations are as follows:

— Making the world's people better understand Vietnam, its land and people, and the domestic and foreign policies of our party and state;

— Gaining the sympathy and support of the world's people for our cause of renovation, industrialization and modernization, and national defense and construction;

— Consolidating friendship and cooperation with the world's people and promoting solidarity with and support for their just struggle for peace, national independence, democracy, and social progress; and

— Contributing solutions to the settlement of global issues relating to the elimination of weapons of mass destruction, AIDS control and prevention, environmental protection...

Positive efforts must be made to maintain and renovate the activities of the international organizations of which our country is a member. Plans must be worked out to attract investment capital and new technology; draw socioeconomic management experiences; obtain nonrefundable foreign aid; and gain the support of foreign notables, intellectuals, sociopolitical groups, NGO's, professional societies, and national or international charitable organizations.

We must, together with our efforts to broaden international public relations, strive for good management in order to guarantee increasingly effective results. We must ensure close coordination among organizations or agencies in charge of international public relations. We must also secure the positive assistance of the government and administrative organs at all levels. Measures must be taken to renovate the operating procedures of all organizations specializing in international public relations.

"The people live forever" and "form the root." People all over the world always long for peace, friendship, national independence, democracy, and social progress. By bringing into play the strong points of international public relations, we can make friends and gain the broad-based political support of the world's people for our country. The world is moving. Mankind is surging forward. We are very lucky to have many friends on all five continents. We go hand-in-hand with, remain attached to, and integrate ourselves into the world community. These attributes form the elements of the international public relations policy of Uncle Ho and our party and also the diplomatic traditions of our people.

SRV: Cooperation Contract Signed With India

BK0608023296 Hanoi VNA in English
1530 GMT 5 Aug 96

[FBIS Transcribed Text] Hanoi VNA Aug 5 — Isges, one of india's leading manufacturers of heavy engineering equipment, signed here today a Rs [rupees] 105-million contract for supply of two 65-tonnes capacities boilers to Lam Son Sugar Company, Thanh Hoa Province to be financed under Indian credit.

The contract was signed by Mr. Ranjit Puri, chairman of Isges Exports, and Mr. Le Van Tam, general director of Lam Son Sugar Mill in the presence of Mr. Nguyen Cong Tan, minister of agriculture and rural development and Mr. S.L. Malik, Indian ambassador to Vietnam.

India has abiding interest in further extending areas besides on- going cooperation with Vietnam in transport sector (railway, buses), setting up of textile mills, rural telecommunication, machinery for processing of tea and rubber, exploration of oil and gas, etc. In the past, a number of projects have already been set up through soft-term credits by India to Vietnam which have added an economic dimension to close and cordial Indo-Vietnam bilateral relations.

SRV: Paper Reports Money Laundering Through Vietcombank

BK0508072696 Hanoi CONG AN in Vietnamese
15 Jul 96 p 8

[Report by Xuan Yem: "Money Launderers Try To Establish Foothold in Vietnam"]

[FBIS Translated Text] The Vietnam Interpol Office received on 27 February 1996 a request from the Netherlands Interpol Office for an international investigation. The request indicated that the Netherlands police were investigating a case of "money laundering" worth more than $3.5 million. A number of "businessmen" had transferred a large amount of money from the Russian Federation to the Netherlands. This money was then transferred back to the Russian Federation.

Investigations indicated that the Netherlands-based Saambrok Company was involved in the case. The company was established in Amsterdam (the Netherlands) on 20 July 1994 to provide general import-export and investment services. It had only three employees, namely Ledysev Victorovich, Andves Ivan, and Zagrekov Vladimir, and lasted for five months before being dissolved on 6 December 1994.

Though short-lived, Saambrok Company's operations were suspicious. For example, it opened a bank account at ING Bank/NL. Messrs. Ledysev and Ivan transferred $10,000 to this account. Shortly after, on the order of the Adams Samara Bank, $3,525,000 million was transferred from the Rednevolzhskv Commercial Bank to the Saambrok Company's account at ING Bank/NL. The money was transferred on a request by Mr Zagrekov Vladimir, a share holder of the Adamas Samara Bank.

An additional amount of $56,480 was transferred on 2 November 1994 from the Frankfurt Commercial Bank (the Federal Republic of Germany) to the Saambrok Company's account. Next, on 8 November 1994, ING Bank/NL was instructed to transfer $3.5 million to three major banks, including $400,000 to Vietcombank in Vietnam. Netherlands police have reconstructed the course of this "money laundering" case where the Netherlands-based Saambrok Company acted as the center with the support of 19 satellites, including a number of Vietnamese citizens.

A strange "business transaction report" [subhead]

A strange economic cooperation contract was signed in the city of Samara (the Netherlands) on 20 October 1994. Under the contract, the Netherlands-based Saambrok Company was the seller represented by Director Andves while Russian Federation's Rednevolzhskv Commercial Bank was the buyer represented by Director General Ivanov. The two sides had signed a construction materials buying agreement. Strangely enough, the "business report" stated that the seller agreed to give a $400,000-reimbursement to the buyer if it failed to honor the contract and that the reimbursement would be transferred to the buyer's account at Vietcombank at 47-49 Ly Thai To [Street], Hanoi.

What is the truth behind the case? [subhead]

Why did the two companies of the Netherlands and the Russian Federation choose Company M to transfer a large sum of money worth more than four billion Vietnamese dong?

Verifications from the agencies in charge indicate that Company M was a foreign business organization set up as a limited company to operate under the laws of the Russian Federation. Its director was a Vietnamese citizen. On 14 April 1994, the company requested to open a U.S. dollar account with Vietnam's Vietcombank. After the opening the account, the Netherlands-based Saambrok Company on 10 November 1994 transferred $400,000 to Company M's account with Vietcombank. After deducting $50 for service charge, Vietcombank entered $399,950 in Company M's account.

Thus, through a series of transactions, the money of Saambrok Company (the Netherlands) became "legally obtained funds" after it had been transferred from the Russian Federation to the Netherlands and Vietnam and then back to the Russian Federation.

SRV: Do Muoi Urges Local Leaders To Achieve Industrialization

BK0408110396 Hanoi Voice of Vietnam in English 1000 GMT 2 Aug 96

[FBIS Transcribed Text] Party General Secretary Do Muoi has called on provincial and city authorities in Southern Vietnam to establish their own ways of achieving industrialization and modernization.

He said: Attention should initially be directed at the socioeconomic development plan that must be suitable for the specific situation in each province, district, village, and business establishment, and to the overall plan of the region.

SRV Politburo Member Views Economic Development

MS0608121296 London FINANCIAL TIMES in English 6 Aug 96 p 3

[Report on interview with Truong Tan Sang, Chairman Ho Chi Minh City branch of the Vietnamese Communist Party; date and place not given: "Age No Barrier for Favourite Son of Ho Chi Minh City"]

[FBIS Transcribed Text] He is snappily dressed in a dark suit complete with tie pin. His slicked-back hair looks as if it has been given a dose of gel. He smiles as he offers his business card. It is headed "Communist Party of Vietnam".

Mr Truong Tan Sang is the party's highest flyer and, as Vietnam's youngest recruit to the ruling politburo, is the country's most talked-about, politician.

At 47, Mr Sang is chairman of the Ho Chi Minh City branch of the Communist party, an appointment made during the party's five-yearly congress at the end of

June. The post comes with a seat on the politburo, the highest decision-making body in the land.

Yet nothing in his curriculum vitae marks him out as a high achiever. His only executive position before becoming mayor of the city in 1991 was at the helm of a state-run forestry concern. Unlike many technocrats of his age, he was not trained in the former Soviet Union. Instead, he took evening classes at Ho Chi Minh City university, earning a law degree.

Thus armed, he will now have to share power in the 18-member politburo with the revolutionary septuagenarians who have dominated the political landscape in the decade since the country's //doi moi// [words between slantlines in italics] economic reforms began. He will also sit alongside two military men who masterminded Vietnam's invasion of Cambodia in 1979.

He brushes aside suggestions that the old generation do not fully trust the party's younger bloods, an attitude many observers say was behind the ruling troika's refusal to relinquish power at the recent party congress. "The older generation of revolutionaries fully trust the younger generation. (Membership) is an opportunity for me to acknowledge the guidance of the older generation that has helped and guided us through wartime and during the renovation period."

Mr Sang is clearly an intuitive politician but he is also a loyal party man. It is perhaps this, more than anything else, that propelled him to his current position, in spite of his age.

For the last five years, as chairman of the Ho Chi Minh City people's committee he has presided over dramatic changes in one of south-east Asia's fastest growing cities. Last year, Ho Chi Minh City's gross domestic product growth was about 15 per cent.

Foreign investors have pumped millions of dollars into projects in and around the city. Local businesses — most of them ethnic Chinese, previously the victims of economic and political discrimination — are flourishing as never before.

Unlike its counterparts elsewhere in Vietnam, the Ho Chi Minh City people's committee is much more than an administrative body. It is also a sprawling business machine, having inherited factories, hotels and a huge property portfolio from the U.S.-backed South Vietnam. Many of the people's committee business units are linked in lucrative joint ventures with foreign investors.

Mr Sang sums up his business philosophy thus: "In a multisectoral economy, it's inevitable to have rich and poor. In Vietnam, we say 'let those who have favourable conditions enrich themselves first, and then let those less fortunate enrich themselves later, thanks to the support of those who have already become rich'."

Commercial pragmatism and loyalty is a combination that the Communist party feels it needs from its cadres as it tries to steer Vietnam towards a market economy while maintaining full political control. There are two problems with this. No one knows if it will work. And there are precious few party members like Mr Sang, who has managed to protect the business interests of the people's committee while allowing the nascent private sector a degree of latitude.

The private sector is viewed with extreme ideological suspicion by the party, and faces wide-ranging economic discrimination. Foreign economists see it as the country's best hope for sustainable economic growth.

"Overall our policy does not discriminate against the private sector or give any privileges to the state sector because we want to mobilise all resources in order to modernise and industrialise our economy", he says. His words will be cold comfort to the entrepreneurs still unable to use land as collateral for bank loans, unlike loss-making state companies.

Only 1km [Kilometer] away from Mr Sang's office in a converted French villa, people live in slum conditions, the flip side of Ho Chi Minh City's economic success story. Drug abuse is rising. Girlie bars and prostitutes are still as much a part of the city's image as they were in the Vietnam war years.

"We've built many houses of grace and we also try to provide education to many street children. There are about 45,000 of them and we have gathered 25,000 into classes," he says.

Some Observers say the city has grown fast without infrastructure keeping pace and there are problems looming. But Mr Sang deserves credit for holding the city together as it coped with the strains of sudden capital inflows. "He obviously has the confidence of the party and if he takes a position (in the politburo), it'll probably stick," says one.

SRV: Report Views Demand for 'Technological Renewal'

BK0408091296 Hanoi VNA in English
0549 GMT 4 Aug 96

[FBIS Transcribed Text] Hanoi VNA August 4 — Vietnam is confronting a growing demand for technological renewal in its efforts to accelerate industrialization and modernization in order to "turn Vietnam into a basically industrialized country by the year 2020" as targeted by the Communist Party of Vietnam.

Vietnam has gained success in applying advanced techniques into agriculture and building up the materials industry. However, according to the ministry of science, technology and environment, Vietnam's technology still remains at a low level and its technological standard is half a century behind developed countries.

"Compared with Newly Industrialized Countries (NICS) in the region, Vietnam's technology is now one or two generations behind them in terms of electronics assembly, coal mining, machine assembly, construction and frozen sea product processing two or three generations in power, paper and sugar industries as well as in forestry machines and three to five generations in railway and land transportation, ship-building and engineering industries, sources from the ministry said.

Vietnam's equipment and machines are now aged more than 30 years on average and even more than 40 years in the railway sector while mechanization in the industrial sector is only at the starting point for industrialization.

Different high-yielding plants and animal varieties have been studied and introduced into agriculture, especially rice strains, which have helped Vietnam become not only self-sufficient in food but also a rice exporter in recent years. Vietnam's building materials industry has succeeded in manufacturing prestressed ferro- concrete tubes and other materials which had to be imported before.

In addition, many high-tech transfer sources have also been channeled into the country through joint venture projects and development programmes from UNDP [UN Development Program] and through Official Development Aid (ODA) and Foreign Direct Investment (FDI) programmes or imports by Vietnamese business circles.

At present, modern technological equipment has been widely used in the oil and gas industry as well as the post and telecommunications services while advanced technologies have been introduced to the cement, textiles, embroidery and garment sectors. However common or even out of date equipment has been introduced to Vietnam through many foreign-invested and joint venture projects.

Vietnam now has a large pool of scientists and technicians with more than 700,000 university graduates and about 8,000 science doctors and assistant doctors. One out of every 100 people has a university or higher education level degree. However, staff on technical personnel have not fully been qualified for the demands of national development in the new stage of development. Many of them have not kept abreast with the high speed of technological development in the present-day world. On the other hand, financial investment in science and technology remains extremely low, accounting for one percent of the state budget revenue.

For the time being, priority will be given to the transfer of high technologies to Vietnam in electronics, computer science, biological technology, new material production and automation. Vietnam plans to increase technical renovation by 10 percent per year or higher in order to help raise its technological standard to be commensurate with other regional countries.

The government has approved a number of key scientific and technological development programmes in 1996-2000 such as electronics, information and telecommunications projects, biological technology schemes for sustainable development of agriculture, forestry, environmental protection and health care, programmes for technological application in construction materials, automation and machine manufacturing industries and other production and business sectors.

Australia

Australian City Welcomes Australia-U.S. Intelligence Center

BK0508080496 Melbourne Radio Australia in English 0500 GMT 5 Aug 96

[FBIS Transcribed Text] The central Australian city of Alice Springs has welcomed the planned upgrading of the nearby joint Australian-United States defense intelligence facility at Pine Gap. The city's mayor, Andy McNeal, says the building of a new ground station for detecting ballistic missiles will lead to more local jobs. Mr. McNeal said the local people clearly support having the base nearby and are not concerned that the area may be targeted in any future war.

[Begin McNeal recording] We're all targets in a future war. Certainly the American people — the Australian people have demonstrated in the past, particularly in Alice Springs, that they welcome the base here and I certainly do. [end recording]

Australia: Indonesian Activist on Australian Party Support Claim

BK0608033996 Sydney THE SYDNEY MORNING HERALD in English 6 Aug 96

[Article by David Jenkins: "Activist Denies Funding Claim" — received via Internet]

[FBIS Transcribed Text] Nico Warouw, an Indonesian political activist whose People's Democratic Party (PRD) stands accused of "masterminding" the recent Jakarta riots, yesterday rejected Indonesian Army claims that his organisation had received secret funding from the Australian Labor Party.

"That's absurd," he said. "The Australian Labor Party is always supporting the Suharto government. The ACTU [Australian Council of Trade Unions] supports the Indonesian Government's trade union. They don't recognise the trade union under the PRD or the other alternative union."

Mr. Warouw, the international representative of the PRD, arrived in Australia six weeks ago. He is touring university campuses at the invitation of the National Union of Students.

"How come people would say the ALP supports us?" he asked.

According to a report in yesterday's JAKARTA POST, an Indonesian military spokesman has claimed that Dita Indah Sari, president of the Indonesian Centre for Labour Struggles (PPBI), told authorities she met ALP officials in Australia.

"We are focusing our investigations on Dita's connections with the Australian Labor Party," the spokesman reportedly said. "We suspect that the party has financed the PRD's activities [in Indonesia]."

Ms. Dita Sari has visited Australia twice in recent years, once at the invitation of the West Australia Trades and Labour Council.

On one of her visits, Mr. Warouw said, she clashed with the former ACTU president, Mr. Martin Ferguson. "When Dita Sari spoke," he said, "she condemned the ACTU for supporting only the Government- backed union and not the Indonesian workers. She told me on her return that Martin Ferguson had asked her to leave the meeting."

Indonesian authorities arrested Ms. Dita Sari following a large strike in Surabaya on July 8, several weeks before the riots in Jakarta. But they have met with little success in their attempts to round up other PRD activists.

Mr. Warouw, a graduate in anthropology from Gadjah Mada University in Yogjakarta, acknowledges that he faces possible subversion charges on his return to Jakarta but this does not trouble him. "I'm safe here," he said. "But my friends in Indonesia are in danger. I'm worried about my friends, not about me."

Mr. Warouw made his first visit to Australia in 1994 to attend the International Green Left Conference in Sydney. He returned last June to speak at a conference on East Timor in Sydney.

Australia Announces Review of Foreign, Trade Policy

BK0408130696 (Internet) Australian Broadcasting Corporation Online WWW in English 0348 GMT 4 Aug 96

[FBIS Transcribed Text] The Federal Government has formally announced a review of Australia's foreign affairs and trade policy.

The White Paper will identify Australia's interests, examine the international environment in which Australia operates and recommend strategies for advancing Australia's interests for the next 15 years.

The White Paper, promised in the Coalition's election foreign policy, is to be completed for the autumn session of parliament, next year.

The advisory panel includes former Prime Minister Malcolm Fraser, former head of the Department of Foreign Affairs and Trade, Richard Woolcott and former ambassadors Rawdon Dalrymple and Robin Ashwin.

Other panel members include National Farmers' Federation president Donald McGauchie, businessman Graham Kraehe and executive director of the ANZ [Australia-New Zealand] Bank, Alister Maitland.

The Government says Australia's aid program will be reviewed separately.

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